FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND DECEMBER 5/DECEMBER 6 1992 — D8523A

Paris and Bonn back UK over EC budget deal

Britain is hoping Franco-German diplomatic efforts to break the deadlock over the European Community budget will pave the way for an agreement at next week's Edinburgh summit.

But fresh doubts arose last night about prospects for the summit after five Christian Democratic leaders in Europe declared that a British compromise to meet Danish demands for exemptions from the Maastricht treaty were not acceptable. EC policy debates likely to go public, Page 2; EC hopes for trade reforms this year, Page 3

US troops ordered to Somalia: President George Bush has ordered 28,000 US troops into Somalia to bring relief to the country's starving population. Page 22

Hopes rise for Channel 5: A new national television Channel 5 looked increasingly likely as Channel Five Holdings, the only bidder for the franchise, met a critical deadline. ITV angered by OFT report, Page 4

IRA admits Manchester bombs: The IRA admitted responsibility for the Manchester bomb attacks which left 64 people injured. They also warned of more bombings before Christmas.

Owen warns on Balkans: Lord Owen, co-chairman of the Geneva peace conference on the former Yugoslavia, warned Nato that war could soon spread in the Balkans and that the west should plan to deal with the possible consequences. UN fears, Page 2

Ferry blaze: Twenty-four crew members were treated for smoke inhalation after fire broke out on the Sealink cross-Channel ferry Stena Londoner as it was entering the harbour at Newhaven.

Students queue to hear Reagan:

Oxford students queued for hours for the chance to hear former US president Ronald Reagan give his views on the world scene. He singled out Bosnia and Somalia as current trouble spots that should be sorted out by the deployment of arms, preferably through a strengthened Nato force. Page 3

Spotlight caused Windsor fire: The fire which ravaged Windsor Castle was sparked by a spotlight which overheated a curtain, says the official report.

Yeltsin may bypass congress: President Boris Yeltsin could bypass the Russian congress and appeal to the people for extra powers if votes go against him in the assembly. Page 2; Russia wants arms market access, Page 3; Man in the News: Yegor Gaidar, Page 6

Grupo Torras, the Spanish investment arm of the Kuwait Investment Office, has filed for receivership with losses of $4bn (£2.6bn). Page 10

EC in pit battle: Lawyers for the Union of Democratic Mineworkers said the EC's competition directorate was to start preliminary proceedings over a complaint that Britain's energy market was rigged against coal in favour of gas. Heseltine seeks to end coal-power row, Page 5

Abbey National raised £103m by selling off 28.97m shares, unclaimed or mis-allocated, from its 1989 flotation. Page 8; Lex, Page 22

US jobless rate falls: The US unemployment rate fell to 7.2 per cent last month from 7.4 per cent in October and a peak of 7.8 per cent in June, indicating a recovery is under way. Page 3

Oil slick threat: The 80,000 tonne oil slick spilled by the Greek tanker off the coast of northern spain is threatening birds and marine life, the World Wide Fund for Nature said.

Attack on whites: At least 18 whites were wounded in a restaurant bomb blast, the second attack on whites in South Africa in a week, police reported. Optimism for S Africa talks, Page 3

Diplomat jailed for drug smuggling: Thai diplomat Piseth Pamarapa was jailed for 20 years for his part in a £4.5m heroin smuggling operation.

Nelson's love letter for sale: The letter believed to be the first from Lord Nelson to Lady Hamilton is expected to fetch up to £10,000 when it comes up for auction later this month.

■ STOCK MARKET INDICES

FT-SE 100	2,759.4	(−11.6)
Yield	4.43	
FT-SE Eurotrack 100	1,052.78	(−2.33)
FT-A All-Share	1,388.63	(−0.3%)
Nikkei	17,295.89	(+35.61)
New York lunchtime		
Dow Jones Ind Ave	3,292.47	(+15.94)
S&P Composite	432.41	(+2.5)

■ US LUNCHTIME RATES

Federal Funds:	2¾%
3-mo Treas Bills: Yld	3.332%
Long Bond	101⅛
Yield	7.524%

■ LONDON MONEY

3-mo Interbank	7⅛%	(7 3/16%)
Liffe long gilt future:	Dec 100 3/32	(same)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$18.25	18.125

■ Gold

New York Comex (Dec)	$335.7	335.5
London	$335.45	335.75

■ STERLING

New York lunchtime:		
$	1.56	
London:		
$	1.5575	(1.5665)
DM	2.4875	(2.475)
FFr	8.445	(8.425)
SFr	2.2325	(2.21)
Y	194.5	(195.25)
£ Index	80.7	(80.5)

■ DOLLAR

New York lunchtime:		
DM	1.5935	
FFr	5.4105	
SFr	1.4308	
Y	124.85	
London:		
DM	1.597	(1.5805)
FFr	5.4225	(5.3775)
SFr	1.4335	(1.4115)
Y	124.85	(124.65)
$ Index	65.5	(65.2)

Tokyo close: Y 124.83

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Signs of fragile economic upturn in some sectors

By Our Economics, Industrial and Labour Staff

FURTHER signs that a fragile recovery in the UK might be imminent emerged yesterday, as the pound gained on the D-Mark, while there was news of a strong rise in car sales last month.

But any expectations about a vigorous overall upturn were dampened by a Financial Times survey which showed that sentiment about an end to the recession was extremely muted across a large swathe of manufacturing and services companies.

Even though some businesses in the housing, leisure and electronics sectors are relatively optimistic about a recovery next year, gloom about the next few months is particularly deep among manufacturers and in the transport and advertising sectors.

On currency markets yesterday, the general feeling about a weak recovery prompted some large investors to switch funds into sterling, which finished in London more than 1 pfennig stronger against a weak D-Mark at DM2.4875.

This was its highest close since mid-October and represented a gain of more than 7 pfennigs on the week. Against the dollar the pound closed nearly 1 cent down at $1.5575, but still up 4¼ cents on the week.

Hopes of an upturn were buoyed by the announcement that sales of new cars in November were 6.3 per cent up on a year previously, while new commercial vehicles saw a 15.3 per cent rise over the same period. In three of the last four months, registrations of new cars and commercial vehicles have been higher than in the corresponding months last year.

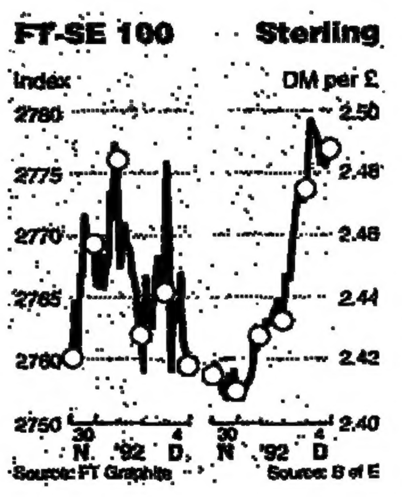
Sir Hal Miller, chief executive of the Society of Motor Manufacturers and Traders, said: "These figures reflect a continuing, modest but welcome increase in UK sales." He said the full benefit of the abolition of special car tax, which Mr Norman Lamont, the chancellor, announced as part of his package of growth measures in last month's Autumn Statement, had still to work through.

On the stock market, investors yesterday took a generally downbeat view about a recovery, with share prices dropping slightly amid profit-taking after the sharp rises earlier in the week. The FT-SE 100 share index was down 11.6 to close last night at 2759.4, virtually unchanged on the week.

Mr Robin Aspinall, an economist at stockbroker Panmure Gordon, said: "Hardly anyone expects growth next year to be any more than modest. The stock market is getting moderately enthusiastic because even with a small amount of growth in the economy companies may be able to boost profits by up to 15 per cent by stepping up sales without increasing their labour forces."

Among industry managers, the mood about the economy is one of extreme caution. Mr Jon Shepheard, senior economist at British Gas, said: "There are some tentative signs of recovery but the outlook is very confused." Mr

Continued on Page 22



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Preparing for action: US infantry troops line up for inspection checks in New York yesterday before their likely deployment to Somalia

Somalia firefight a deadly omen for US troops

By Julian Ozanne in Mogadishu

A FATAL firefight erupted yesterday between United Nations troops and a band of gunmen at the international airport in Mogadishu in a foretaste of the anarchic violence that US troops will have to face when they intervene in Somalia.

Pakistani troops in UN blue helmets let off bursts of machine gunfire at gunmen in a "Mad Max" customised truck which careered across the runway, disrupting the airport's operation. One Somali gunman was killed in the incident.

Securing the airport will be the first military objective of the 1,800-strong advance party of US Marines waiting offshore to advance into the war-blasted capital to begin one of the biggest military interventions undertaken in Africa and the biggest humanitarian operation launched since the Iraqi-Kurdish initiative. There are an estimated 1.5 million Somalis facing death from starvation.

The Marine operation will begin with a helicopter and amphibious landing in Mogadishu from a flotilla of US naval ships which was sighted for the first time yesterday off the Somali coast.

The first Marine landing is expected within 48 hours to prepare the way for a much larger force. US military officials now concede it could grow to between 28,000 and 35,000 soldiers and support staff because of Somalia's nightmarish logistics.

Sporadic shots rang out across the rubble-strewn capital last night but observers say heavy fighting has stopped as the anxious Somali nation awaits with a mixture of resignation and relief the US intervention.

Even excitement was apparent among some Somalis, who believe that they are huge sums of money to be extracted from the US operation. Aid workers and others in Mogadishu yesterday continued to express deep reservation about the optimistic assessments of US officials about the speed which with they expect

Continued on Page 22
Bush orders troops in, Page 22

Sugar bid for Amstrad meets resistance

By Paul Taylor

THE TIDE of shareholder opinion is flowing strongly against Mr Alan Sugar's controversial 30p-a-share bid to take Amstrad private, according to figures on proxy votes released by the consumer electronics group yesterday.

Last night Mr Sugar said he was "disappointed" by the poll so far and acknowledged that "at the moment we are losing". He appealed to shareholders who back his bid to "wake up and get out their proxies".

In an attempt to swing small shareholders behind the buy-out bid, Amstrad has hired an outside polling firm to call shareholders at home. The practice is common in the US but unusual in Britain.

If the trend revealed by the proxies already voted continues, Mr Sugar's proposal to pay £113m for the 65 per cent of Amstrad he does not already own would be solidly defeated at the company's extraordinary general meetings next Thursday.

Based on the 9,443 proxies received by the close of business on Thursday, 5,511, or almost 60 per cent, were against Mr Sugar's proposed "scheme of arrangement". However, it is open to shareholders to withdraw or reverse their proxy votes.

Amstrad has 31,000 individual shareholders and, under one test of support, Mr Sugar needs to win a simple majority of those voting in person or by proxy to proceed with his plan to take the company he founded private again.

This means that the vote of an individual shareholder, perhaps only holding a few shares, is as crucial as the vote of a big institutional investor holding millions of Amstrad shares.

With almost a third of Amstrad's shareholders voting by Thursday, the proxy poll so far shows an unusually high shareholder interest in the outcome.

Under a second test of support, Mr Sugar must also win the support of three-quarters of the shares he does not already own. Amstrad has 581.2m shares in issue, including 375.6m which Mr Sugar does not own. His bid would also fail this test on the basis of the proxies received.

So far, just over 34m shares have been cast in favour of the scheme and 32.8m against. A separate resolution has won the backing of 45.9m shares against 33.1m, but both of these votes need to exceed 282m if Mr Sugar is to succeed.

Mr Sugar said: "I have been telling them all along, 30p is all I have got to offer. It is my opinion that if it is rejected they will never get the chance again."

He added that if his bid was defeated, "I don't know what will happen". But he said, "one thing that will be cast in concrete in the City is that I once offered 30p".

Lex, Page 22

Ministers consider insurance support over terrorist damage

By Ralph Atkins, Richard Lapper and Jimmy Burns

CABINET ministers are considering limited support for insurance companies to cover against terrorist damage on the British mainland.

With insurance companies warning that existing policies covering against terrorism could be withdrawn from next month, Mr Michael Heseltine, trade and industry secretary, is discussing possible solutions with the Treasury and the prime minister.

No decision has been taken, however, and the government is adamant that insurance companies must bear the brunt of the risks.

Ministers are concerned about the propaganda advantage to the IRA if the government gave help and about the cost of its involvement. April's IRA bomb attack in the City caused an estimated £1bn damage.

Mr Heseltine indicated on BBC Radio that he recognised the damage withdrawing cover might have on the property market. "It is obviously a matter of urgency," he said.

He and Mr Neil Hamilton, the corporate affairs minister, will hold further talks with insurance companies. A Whitehall official said: "It is quite the most difficult problem that we have had to look at in this parliament."

One scheme being considered is a 5 per cent levy on industrial property insurance that would be pooled to provide cover for terrorist damage with any extra cost underwritten by the government. The scheme has been proposed by the Association of Insurance and Risk Managers in Industry and Commerce, representing more than 300 UK companies.

Mr Heseltine is unwilling to disclose his negotiating position, saying he wants to ensure market coverage "to the greatest extent that is possible". He would not be "pinned down or expected to give categorical assurances one way or the other".

He appears to have vetoed a version of the Northern Ireland Office's compensation scheme for businesses in the province which pays for all terrorist damage.

Last month the Association of British Insurers recommended its members withdraw terrorism cover from commercial insurance policies. The ABI, which has written to the prime minister, wants a similar scheme to that in Northern Ireland

Yesterday the ABI said some of its members were considering cancelling policies that include terrorism cover. Insurers can cancel most commercial policies by giving policyholders 30 days notice.

Concern heightened this week after IRA bomb attacks in Manchester. Material damage is likely to amount to less than £4m but claims through loss of business could be much higher. Balcombe Group, the loss assessor, estimates that claims from business interruption could amount to more than £10m.

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Germans back call for EC growth plan

By Quentin Peel in Bonn

GERMANY yesterday supported France in pushing for a European economic growth initiative from the European Community summit in Edinburgh next week – while insisting that it must not come at the expense of monetary stability and strict budgetary control.

The finance ministers of both countries also pledged their firm commitment to the exchange rate mechanism of the European Monetary System, and praised their central banks for their joint efforts to resist currency speculation against the French franc.

They said that the existing parity between the D-Mark and the franc was "fully justified by the economic data of both countries", and clearly implied that they were determined to continue to resist any speculative pressure.

The joint declaration by Mr Theo Waigel, the German finance minister, and Mr Michel Sapin, his French counterpart, was a key element to emerge from the 60th Franco-German summit in Bonn, which covered the whole gamut of negotiations for the Edinburgh summit.

Germany has been less than enthusiastic about the plan for a European growth initiative, and was clearly keen to restrain any suggestion that it should be financed by a big increase in public-sector spending.

On the other hand, France has compromised in its EC negotiating position by accepting that enlargement negotiations to bring new members into the community can begin on January 1, even though neither Britain nor Denmark will have ratified the Maastricht treaty by then.

German Chancellor Helmut Kohl stressed after the summit the need for all member states to go to Edinburgh ready to make compromises, and repeated the absolute determination of both France and Germany to press ahead steadily in their joint ambition of building an integrated "European union".

The finance ministers said that any growth initiative must be in conformity with the economic convergence criteria of the member states, which include strict limits on public debt and budget deficits, as well as inflation.

The initiative should concentrate on stimulation of investment activity, including both infrastructure spending and house-building.

The ministers said that the European Investment Bank and a European Investment Fund could play an important role, as well as the "rapid realisation" of the proposed cohesion fund to promote economic development in the weaker EC economies.

Mr Kohl expressed his confidence that another important Franco-German initiative, the creation of a Euro-corps for joint defence, was gaining acceptance by other Nato member states.

Nato's supreme allied commander in Europe, General John Shalikashvili, and the chiefs of the defence staffs in France and Germany, will begin talks on Monday to decide the precise relationship between the proposed Euro-corps and Nato, according to Mr Volker Rühe, the German defence minister.

They have to reconcile the need for German troops in the corps to be subject to Nato inspections in peacetime, while French troops, not assigned to Nato, will remain independent.

Mr Kohl said: "All the reservations and aversions to this project have been systematically dropped, and the whole thing is now getting much more positive marks from our partners.

"This is true not just for this side of the Atlantic, but also for the other side."

Both France and Germany say the future corps, with a headquarters in Strasbourg, is "an element in the process of building European union which will include, eventually, a policy of common defence. The European corps also constitutes... a contribution to the reinforcement of the European pillar of the [Nato] alliance and its common defence."

Yeltsin could bypass Congress

By John Lloyd in Moscow

PRESIDENT Boris Yeltsin could bypass the increasingly hostile Russian Congress of People's Deputies and appeal to the people for extra powers and approval for a new constitution if votes go against him in the assembly today.

Deputies will vote for a series of amendments to the constitution – already a palimpsest of the old Soviet constitution – which in sum would force Mr Yeltsin to gain their approval not just for the appointment of a prime minister but also for the naming of every important figure in the cabinet.

In a brief speech yesterday, Mr Yeltsin said that many of the amendments would "reverse the development of Russia's statehood. . . the country would get a weak government, whoever was its leader."

Later, Mr Vyacheslav Kostikov, the president's press secretary, said the Congress would be "out of its head" to oppose the president. He hinted that Mr Yeltsin would go to the country with a demand for extra powers and for the approval of a new constitution if deputies get the required two-thirds majority for their amendments today.

Drafts of an appeal to the nation were said by aides to be under preparation yesterday, though neither Mr Yeltsin nor any of his ministers made further attempts to influence the vote.

The deputies will vote in secret on these vital clauses, and much of yesterday's business was devoted to selecting which of the amendments merited this treatment.

A Russian deputy uses an antiquated telescope to have a view of President Boris Yeltsin yesterday in the Russian People's Congress

The anti-government, even anti-presidential, mood of the assembly was demonstrated yesterday when the deputies voted 668-210 to support in principle a resolution thoroughly critical of the progress of economic reform, calling it "contrary to the interests of most people".

The motion did not, however, call for the government's resignation and government supporters intend to seek changes and deletions when it is debated clause by clause.

The government's opponents also have a steep hill to climb. A constitutional amendment requires two-thirds of the available votes of 1,040 deputies.

Inevitably, some deputies will fail to turn up at the session, thus weakening the chances of attaining that figure: yesterday's attendance was around 930.

Mr Oleg Rumyantsev, a centrist deputy who is also secretary of the constitutional commission, pointed to one possible solution when he said he would vote for some of the general amendments curtailing the president's powers – thus firing a warning shot at Mr Yeltsin – but would not support the detailed amendments which spelled out the number of ministers who must be confirmed by the parliament.

Even if the amendments are not passed, however, the problem of the division of powers among the president, the Congress and the government remains.

Mr Yeltsin has proposed a massive shift of authority, especially over economic reform, in his direction. But there is almost certainly not a simple, let alone a two-thirds, majority in the Congress for that.

Mr Andrei Kozyrev, the foreign minister, said in a speech that "the position of our government is stable enough, our determination is strong enough, not to allow a revanchist reversal in international affairs".

EC names group to look at publicity

By Andrew Hill in Brussels

THE EUROPEAN Commission yesterday named the seven people who will carry out an inquiry into the alleged failings of Brussels' communications and information policy.

Sir Bernard Ingham – Downing Street spokesman when Lady Thatcher was UK premier – was on the original shortlist for the group. But the Commission said yesterday that in the end he was not asked to take part in the communications audit.

The Commission has included in the list two senior officials responsible for Commission and European Parliament information policy, contrary to suggestions that it should be made up entirely of objective Brussels outsiders.

The working group, which should report by the end of next March, will be chaired by Mr Willy de Clercq, a former commissioner and Belgian member of the European Parliament.

The other members are Mr Ronald Beatson, director general of the European Association of Advertising Agencies; Mr Julian Bravo, chairman of the Madrid office of J Walter Thompson, the advertising agency; Ms Colette Flesch, head of the Commission's information department; Mr Sergio Guccione, head of the Parliament's information service; Mr Jacques Pilhan, deputy managing director of the Paris-based agency Havas; and Mr Mark Wössner, head of Bertelsmann, the German media group.

● The Italian government yesterday announced the nomination of two new commissioners for Brussels after a much criticised delay of nearly five months, Robert Graham writes from Rome.

The new commissioners are Mr Raniero Vanni d'Archirafi, the current director general of political affairs at the foreign ministry, and Mr Antonio Ruberti, an automation specialist, academic and former minister of research. They will replace Mr Carlo Ripa di Meana, who left as EC environment commissioner to become an environment minister in the current government in June, and Mr Filippo Maria Pandolfi.

EC policy debates likely to go public

By David Gardner and Andrew Hill in Brussels

THE European Community is close to agreeing proposals to open important policy debates and initial discussion of "major new legislative proposals" to the public, as part of the EC drive to bring decision-making closer to the people.

In practice, this would mean televising the debate for viewing in the press area of the Council of Ministers of the 12, according to proposals from EC ambassadors. These will be discussed – behind closed doors – at a "conclave" of EC foreign ministers, meeting in Brussels on Tuesday ahead of the Edinburgh summit.

EC leaders believe the popular backlash against "Europe" and the Maastricht treaty is in large part due to too much secrecy and centralisation in decision-making.

The European Commission, the usual target of public disdain, is also anxious to make clear that it is national ministers who take the final decisions on EC law.

The latest draft of the "transparency" plan from the current UK presidency of the EC claims most member states would back public access to:

● Six-monthly debates by foreign and finance ministers on "relevant Presidency or Commission work programmes";

● "Regular open debates on major issues of public interest" in agriculture and environment policy;

● A breakdown of how member states voted when a formal vote is taken. This would include a justification of the vote, where requested, but not publication of the minutes of the meeting.

Under current practice, details of Council debates filter out haphazardly via national delegations and ministerial briefings. But the outcome of sensitive debates – often held by ministers alone with no officials present – is frequently obscure and often distorted to suit national aims.

After a heated ministerial meeting just before the EC and US settled their farm trade disputes last month, for instance, the British presidency said EC negotiators had the "clear benediction" of the 12, while France claimed its hostility to a deal was backed by five of its partners. "There must have been two Councils going on here," the French minister observed.

The latest proposals are unlikely to change this. But subjecting ministers to any increase in scrutiny, according to current thinking, will put more pressure on them to account for the decisions they make in Brussels.

Bonn wants safe havens in Bosnia

By Judy Dempsey in Bonn

GERMANY wants the European Community and the United Nations to establish safe havens in Bosnia-Hercegovina to stop further destruction of the republic and dissuade Islamic countries from arming Bosnian forces, officials in Bonn said yesterday.

They also said the war in the former Yugoslavia could spread if the EC failed to find a compromise with Greece over what an independent Macedonia should be called. The dispute is holding up the Community's recognition of Macedonia.

The officials, speaking at the end of the two-day Franco-German summit in Bonn between President Franc,ois Mitterrand and Chancellor Helmut Kohl, admitted any decision to set up safe havens would require tens of thousands of troops deployed under the UN flag.

"It is clear we need safe havens in Bosnia, but the political will is lacking among EC states," a foreign ministry official said. Germany's constitution prevents it from participating in UN peacekeeping operations.

France and Germany are together carving out a "mini" safe haven in the north-western corner of Bosnia, around Bihac. France, which has committed 2,000 UN troops to the region, and Germany, which is providing humanitarian and medical back-up, yesterday together called for greater humanitarian assistance from their EC partners in providing shelter and safety for the 50,000 refugees already in Bihac.

Mr Mitterrand and Mr Kohl called on the EC to find a rapid solution to the Macedonian question.

Macedonia will be discussed at the pre-Edinburgh summit meeting of foreign ministers which opens in Brussels on Monday. The outcome will determine whether Macedonia should be placed on the agenda at Edinburgh.

"It is pointless raising the issue at Edinburgh if all 12 Community states do not agree to recognise the independence of the former Yugoslav republic, yet further delay could ignite this part of the Balkan peninsula," said a German official.

Mr Jürgen Chrobog, head of the political directorate at the Bonn foreign ministry, last week visited Croatia, Serbia, the Serbian province of Kosovo and Macedonia to try to find a solution to the Macedonian conundrum as well as apply pressure on Croatia to withdraw its forces from Bosnia-Hercegovina.

Ultra-nationalists campaigning strongly in Slovenian election

By Laura Silber in Ljubljana

THE rise of the extreme right in parts of Europe has spread to Slovenia, which votes tomorrow for the first time since the former Yugoslav republic declared independence in June 1991.

The campaign success of an ultra-nationalist politician, Mr Zmago Jelincic, has surprised many Slovenes by surprise. With the slogan of "Slovenia for the Slovenes", he has denounced some 100,000 guest workers from the former Yugoslavia for taking jobs from Slovenes. Mr Jelincic, who heads the Slovene National Party, has accused the 100,000 Bosnian refugees in Slovenia of having fled economic deprivation rather than war.

"They should be sent back. This is not their country. It is a different state," he said in an interview yesterday.

"Jelincic stepped in with a clear right-wing message that could be understood by everybody," says Mr Ervin Hladnik, a journalist of the independent weekly Mladina.

The candidate could capture about 10 per cent of the parliamentary vote, which is likely to be split among the Christian Democratic Party, the United Left, a coalition which includes the reformed communists, and the centrist Liberal Democrats.

The refugees, and an unemployment rate of 11.5 per cent, appear to have provided Mr Jelincic with plenty to protest about.

The parliamentary and presidential elections, in which over 1m people will vote, follow the collapse of Demos, the broadly based ruling coalition.

Bosnian aid to go by rail

THE United Nations refugee agency said yesterday it was going to try to take aid into war-torn Bosnia-Hercegovina by train, an idea rejected until now as too dangerous, Reuter reports from Geneva.

The decision came as Ms Sadako Ogata, the UN High Commissioner for Refugees, warned that her agency had been stretched to its limits in former Yugoslavia, where 3.1m people have been displaced by fighting.

The first UNHCR "train convoy" into Bosnia, carrying 250 tonnes of supplies, will leave the Croatian port of Ploce on Monday, said UNHCR spokeswoman Ms Sylvana Foa. The UNHCR reckons Bosnia needs a minimum of 9,100 tonnes of food aid every week. With relief operations interrupted repeatedly by attacks , it has never managed to achieve more than two-thirds of that figure.

UN fears it can only 'ease the passage of history'

David White on how restricted resources and powers may prevent UN troops from fulfilling their already limited tasks

Thirty-tonne British Warrior fighting vehicles, French Sagaie light tanks with 90-millimetre guns: this is the new UN image in the former Yugoslavia.

In as much as the weapons are more potent and up-to-date than those seen in other UN peacekeeping operations, they are signs of a new departure. But they may well become symbols of frustration in the first blue-helmet operation in continental Europe.

"Anybody working here is bound to be frustrated by the limits of what we are allowed to do," a UN official admitted this week.

Fourteen generals and brigadiers head a combined military force of more than 22,000 in Croatia and Bosnia-Hercegovina.

With further deployments now being studied as a preventive measure in Macedonia, the UN already has more troops in the ex-Yugoslav republics than in Cambodia, more than it despatched to the Congo in the early 1960s, and almost twice as many as were engaged in all its peacekeeping operations this time last year.

But it is questionable how far these forces will be able to fulfil even their limited tasks, with the resources and powers they now have.

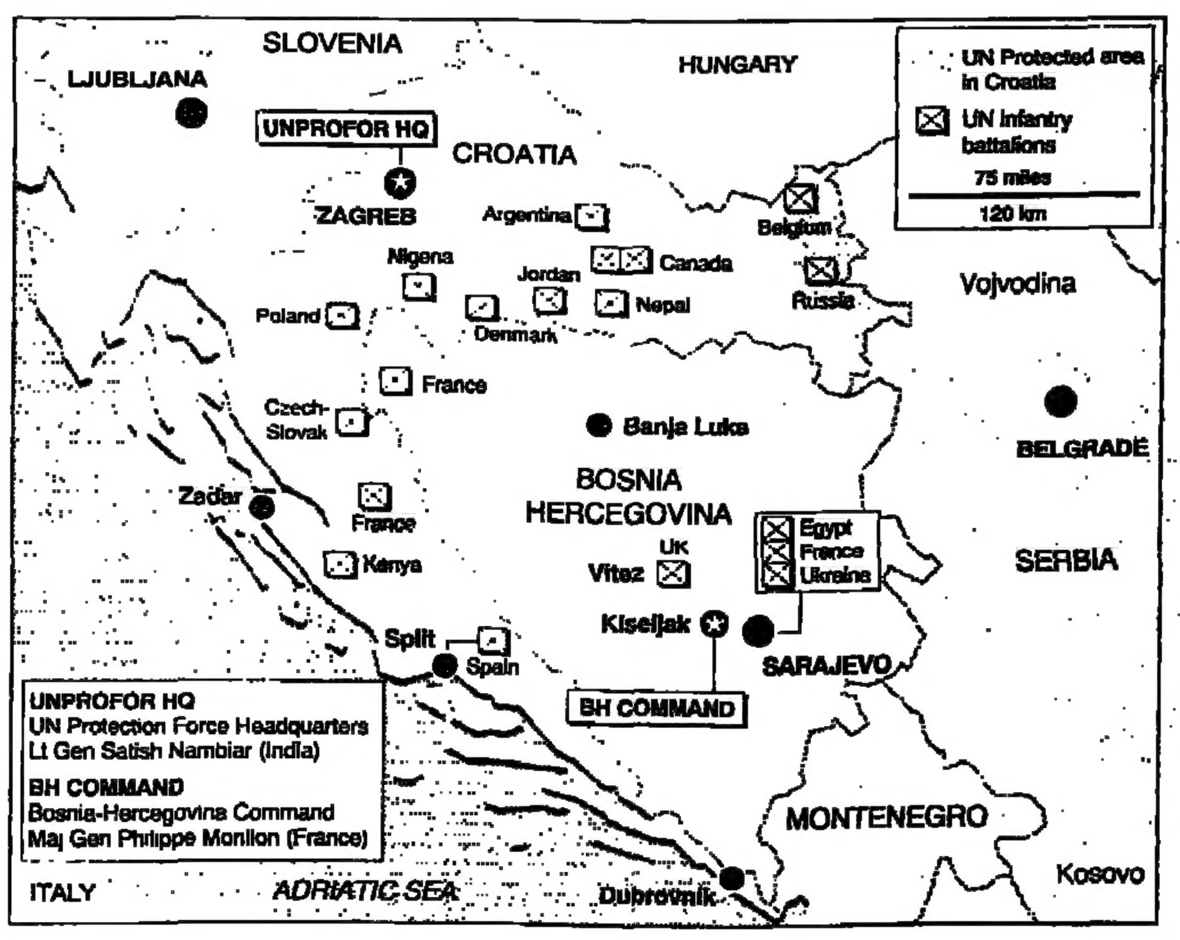
The initial UN Protection Force was set up in February following the ceasefire in Croatia to stop renewed fighting. Twelve enlarged infantry battalions, backed up by logistics and support troops, were given the job of "demilitarising" four zones, covering about a third of Croatia, in which Serbs made up the majority or a substantial minority. This meant ensuring the withdrawal of forces, disbanding any remaining troops, impounding their weapons, and seeing that the police respected civil rights.

In the central zone known as Sector West, it has largely worked. Police carry only handguns and act like police. But in Sector East, abutting Serbia, and in the mountainous southern Krajina region the situation is described as "nearly anarchic". Talks on demilitarisation have got nowhere.

Croatian troops are meanwhile said to be "visibly gathering" across some UN Protected Area borders, moving up from the agreed lines of withdrawal, especially in the southwest near Zadar.

Croatia says it wants the UN out by the end of March, when its current mandate ends. UN officials, diplomats and politicians in Zagreb believe that would lead, perhaps within days, to new hostilities, since Croatia would seek to repossess at least parts of these areas.

The more recent UN force in Bosnia has a different job and and different organisation. As in Somalia, the UN is breaking new ground trying to protect relief supplies in the middle of an ongoing war.



The 6,000 British, French, Canadian and Spanish troops sent to protect aid routes – in addition to forces despatched earlier to secure Sarajevo's airport and help supplies to the besieged Bosnian capital – are funded directly by their governments and not out of the UN's overstretched funds.

General Philippe Morillon, the UN's French commander in Bosnia, has a high profile in negotiations between the warring parties, but is regarded in UN circles as a loose cannon.

The troops' new role is itself controversial. Dr Cornelio Sommaruga, president of the International Committee of the Red Cross, has questioned the wisdom of resorting to military means to support humanitarian aid, insisting that the use of troops for this purpose "must remain a temporary and exceptional measure."

After delays in deployment, the troops have found their operations obstructed by local militia commanders, mainly – but not solely – Serbs. The new Canadian battalion and a company of Dutch transport troops have been kicking their heels in Croatia, waiting to move to the Bosnian Serb stronghold of Banja Luka. This is not only an important aid route but the only one of the new UN operations scheduled to be based in a Serb-held area.

"Without the Serbs' co-operation a lot of things can't be done," a UN officer commented.

UN forces, finding it increasingly difficult to appear even-handed, are afflicted by a sense of powerlessness.

Serb helicopters flout the ban on military flying to re-supply front-line forces. But prospects for taking military action against them are complicated by the presence of UN ground troops, who would be vulnerable to retaliation.

Gen Morillon takes a broad view of the UN force's humanitarian mandate. But if the troops' role is extended, for instance to evacuating refugees, it could cause problems. Since many of the male refugees fleeing Serb attacks wear uniforms, the UN could be accused of providing direct military assistance. On the other hand, it could equally be accused of abetting "ethnic cleansing" by moving civilians away from their homes.

UN commanders hope the conspicuous presence of their armoured vehicles will build local communities' confidence. But many Croats and Moslems see the UN as an irrelevance or even an encumbrance. "If I were at the receiving end of the shells," said a senior French diplomat, "I would not be grateful for the kind of help I've been receiving."

The UN's Bosnia-Hercegovina headquarters at Kiseljak could support a much larger operation, as could the British army's logistics base. But from humanitarian aid to intervention, even against fifth-rate military opposition, is a large leap. UN officials do not see western governments being ready to pay for an indefinite mission.

Colonel Michael Dewar, deputy director of the International Institute for Strategic Studies, says the UN might muster enough forces to set up safe areas for Moslems.

But to separate and disarm forces throughout Bosnia, he reckons, would require hundreds of thousands of troops; setting up a *cordon sanitaire* around Sarajevo alone would need at least 50,000.

The military advice governments are receiving is that intervention would be extremely complex and costly and could even make things worse. Without it, the best the UN can do, says Col Dewar, is to mitigate the damage. It will be doing no more than "easing the passage of history".

Correction

Montenegro dam

In yesterday's report and graphic on the Mojkovac dam in Montenegro, the amount of toxic metallic waste was incorrectly given as 3.5m tons. It should have been 7m tons.

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US unemployment still falling steadily

By Michael Prowse in Washington

THE US unemployment rate fell to 7.2 per cent last month from 7.4 per cent in October and a peak of 7.8 per cent in June, indicating that a steady, but not spectacular, economic recovery is under way.

The Labour Department said employment in the non-agricultural sector rose 105,000 to 108.6m, more than most analysts expected. Figures for previous months were revised up to reveal a net gain of more than 300,000 private-sector jobs since the beginning of the year.

On Wall Street the figures were seen as reducing the chance of a big fiscal stimulus next year, although the incoming Clinton administration is still likely to unveil a modest package of measures, including an investment tax credit and an acceleration of infrastructure spending. At 1pm the Dow Jones industrial average was up 13.24 at 3,289.77.

The dollar rose on the news, as analysts discounted the chance of any further cuts in US short-term interest rates. However, with inflationary pressures modest, the Federal Reserve is not expected to tighten monetary policy for many months. In early afternoon trading in New York the dollar rose more than a pfennig to DM1.5955.

Officials cautioned that the employment figures were less strong than they appeared: up to 45,000 of the new jobs reflected temporary jobs at polling stations. Manufacturing employment rose 35,000, but this followed net job losses of 200,000 in the previous three months. The construction and retailing sectors shed jobs.

Some regions, moreover, remain depressed. The unemployment rate in California rose to 10.1 per cent last month against 9.8 per cent in October.

The employment report was the latest in a series of improved statistics, including sharp gains in consumer confidence, factory orders, labour productivity and the Purchasing Managers' Index - which tracks conditions in manufacturing.

Monetary growth and bank lending are also beginning to pick up.

The likely pace of the recovery is disputed but few analysts expect the annualised growth rate of 3.9 per cent reported for the third quarter to be sustained in coming months. This reflected many special factors, including a decline in personal savings and some involuntary rebuilding of inventories by companies.

The much slower pace of job creation than in previous economic recoveries is widely expected to constrain growth of incomes and personal spending. Analysts also warn that US exports, surprisingly resilient to date, are likely to suffer as other big economies, such as Japan and Germany, slip into recession.

Ronald Reagan clasps his hands in salute while walking with Union president Chris Hall after addressing the Oxford Union

Reagan: a smile and a call to arms

By Richard Evans

OXFORD students queued for hours yesterday for the chance to hear Mr Ronald Reagan, former US president and former actor, give his views on the world scene. It was hard to decide which of his former roles was the more prominent on the day.

His theme was that success in conquering the old enemy of communism must now be followed by success in conquering the host of smaller but no less deadly challenges facing younger generations.

He singled out Bosnia and Somalia as current trouble spots that should be sorted out by the deployment of arms, preferably through a strengthened Nato force.

"Our multilateral organisations must declare ethnic cleansing and the slaughter of civilians by military forces unacceptable. And we must be prepared to put weapons behind our words," he said.

The speech was a cunning mix of political proposals and jokes. "I am delighted to be with you today. At my age I'm delighted to be anywhere." The former president is 81.

He condemned Serbia as a "tinpot tyranny" and said the Serbs must be given an ultimatum to stop attacking civilians or face being bombed themselves.

He called for a standing UN force – an army of conscience – that was fully equipped and prepared "to carve out human sanctuaries" by force if necessary.

At the end, presented with an oar in Oxford's dark blue, Mr Reagan took his curtain call, beaming. It had been a good performance.

Optimism for new S Africa talks

By Patti Waldmeir in Johannesburg

THE South African government and the African National Congress ended three days of talks yesterday with both sides saying they expected multi-party constitutional negotiations to begin again early next year.

The talks, the first extended contact between the two sides since June, appear to have strengthened the good relations between them, but to have yielded few concrete agreements.

In a joint statement, Pretoria and the ANC committed themselves to move speedily toward democracy, and to ensure that the Convention for a Democratic South Africa, which broke down last May, is reconvened in an enlarged form as soon as possible.

The ANC expects talks in January.

But the success of such talks will depend on whether Chief Mangosuthu Buthelezi and his mainly Zulu Inkatha Freedom Party agree to take part. There was little sign yesterday that the government and the ANC had agreed on a strategy to persuade Chief Buthelezi to rejoin the talks, which he is boycotting.

Indeed, the three-day talks, which were said to have been a "social success", could well drive a further wedge between the government/ANC axis and Chief Buthelezi, who suspects his two rivals of forging an alliance against him.

This impression will be strengthened by the wording of the cautious joint statement, which speaks of a "shared responsibility to ensure that a multi-party negotiated transformation from the present situation to a democracy must take place rapidly".

The two sides appointed a sub-committee to continue the debate over ways to restart democracy talks and slow township violence, and said they would meet again for a full session in the second half of January. They discussed a timetable for the installation of an all-race interim government, but did not set a date, as demanded by Mr Nelson Mandela, ANC president.

This evidence of common cause from the country's two main political groupings will lift the morale of whites, under severe pressure in recent days because of two terrorist attacks, both believed to have been carried out by the radical Pan Africanist Congress.

On Thursday night, a restaurant bomb blast injured 19 whites, the second such attack in a week, sparking fears of a terrorist campaign against the white minority.

Foreign bargain hunters rally Hong Kong stocks

By Simon Davies and Simon Holberton in Hong Kong

HONG KONG share prices broke their steep downward trend yesterday after heavy overseas buying. But there was no expectation of a resolution of the row between Britain and China which has shattered confidence in the colony.

Meanwhile stockbrokers called in an open letter for the withdrawal of Governor Chris Patten's proposed democratic reforms and for his resignation. Support for the letter came from Chim Pui-chung, the financial community's representative on Hong Kong's Legislative Council

Mr Chim claimed strong backing from some of the smaller local brokerages. However, international brokers said it was not their role to make political judgments based on the performance of the stock market.

The Hang Seng Index – the colony's barometer of blue chip stock prices – climbed 289.89 points, or 5.82 per cent, yesterday, but recovered less than a third of the week's losses.

Mr Archie Hart, research director at Crosby Securities, said: "This is a knee-jerk reaction. I don't see any reason why the market should sustain this rally."

Confidence was hit last week by China's threats to reverse contracts handed out by the "Hong Kong-British" Government before 1997, and to invalidate the Sino-British Joint Declaration.

The Joint Liaison Group – the Sino-British forum for discussing the transfer of Hong Kong to China – is to meet on Tuesday and some investors are hoping that it could break the deadlock.

However, government officials do not see scope for any fine-tuning of the Chinese insistence that Mr Patten unconditionally withdraws his proposals.

China's call has found significant support within a business community which has suffered short-term losses from the effects of the uncertainty, and which is concerned over the potential ripple effect into the economy and the property market.

Some of the larger international broking houses reported record overseas buying yesterday and turnover hit $HK5.4bn (£462m)one of the highest figures ever recorded on the Hong Kong Stock Exchange.

Mr Richard Witts, managing director of local brokerage United Mok Ying Kie, said: "It is difficult to resist buying at these levels; but we are not out of the woods yet."

Yvonne Preston adds from Beijing: Lord Howe, the former British foreign secretary, yesterday rallied to the support of Mr Patten, criticising China for its "oversimplified denunciations and rejections" of the reform proposals.

Lord Howe, who was foreign secretary when the Sino-British Joint Declaration on Hong Kong was negotiated in 1984, said in Beijing of the present angry confrontation: "These situations don't continue indefinitely without the prospect of any forward movement."

Lord Howe was leading a six-man British human rights delegation to China. The visit comes just over a year after Prime Minister John Major's warning to the Chinese that the British government intended to maintain "unremitting, unrelenting and continuing pressure" over human rights.

On Monday the first US congressional delegation to visit China since the election of Mr Bill Clinton as president warned Chinese leaders to improve their human rights record or risk losing their most-favoured-nation trade status with the US.

German industrial orders down again

FRESH evidence of Germany's slide into recession emerged yesterday with the release of October's industrial order figures showing a fall for the eight consecutive month, writes Judy Dempsey in Bonn.

The federal Economics Ministry said industrial orders, after taking into account seasonal and price adjustments, were down 5 per cent in October on the previous month, and 9.7 per cent against October 1991. Domestic demand for west German factory goods fell 4.7 per cent, and 6 per cent for foreign orders.

Orders for capital goods declined by 7 per cent, or 12.4 per cent over the same period last year. Domestic orders fell 7.4 per cent, and foreign orders 6.2 per cent.

More job cuts at Renault

Renault is to cut 2,250 more jobs next year, having shed 3,750 this year, writes William Dawkins in Paris.

The French state-owned car maker expects FFr6bn (£720m) net profit in 1992, twice the FFr3.08bn it reported last year.

It has cut its workforce by 25 per cent over the past five years but says it still needs to improve productivity by 30 per cent to meet the best Japanese plants in Europe.

UN observers released

Khmer Rouge guerrillas yesterday freed six United Nations observers detained in a village in Cambodia's Kompong Thom province since Tuesday, writes Victor Mallet in Bangkok.

The guerrillas had demanded that government forces be withdrawn from the area as a condition for their release, but UN officials said the six were freed unconditionally as the UN had insisted.

Benazir Bhutto: bid to oust Sharif

Few rally to Bhutto cause

Pakistan's opposition leader, Ms Benazir Bhutto yesterday failed to attract big crowds to support a "long march" aimed at massing popular backing to oust Prime Minister Nawaz Sharif's government, Reuter reports from Arifwala.

Her campaign began on November 18 when she and her supporters tried to march from Rawalpindi to nearby Islamabad. Police broke up that march and arrested hundreds of people.

She accuses Mr Sharif's Islamic Democratic Alliance of rigging the 1990 elections.

Japan call on Arab boycott

Japan yesterday responded to a long-standing Israeli complaint that it has for years largely complied with an Arab economic boycott against Israel, by calling for an end to the embargo in return for curbs on Jewish settlements in the occupied territories, writes Hugh Carnegy in Jerusalem.

Russia wants arms market access

By Leyla Boulton in Moscow

THE Russian foreign minister, Mr Andrei Kozyrev, yesterday urged the west to establish a "new agenda" for assistance to Russia, providing active support for foreign investment in his country and access to western arms markets.

"Humanitarian aid, for all its importance, is not an answer to the challenges of our time," he told a meeting of the International Press Club in Moscow. He said Russian democrats needed "concentrated" assistance to continue reforms aimed at joining the ranks of "first-class democratic states with market economies".

Allowing the reforms to stop at their "most difficult, initial stage" would prompt even greater political instability, an explosion of corruption, organised crime and what he called metaphorically "a series of Chernobyls" – disasters from which the outside world would not be able to protect itself.

He urged western governments to provide support for their companies to invest in Russia, which badly needs capital, especially to convert defence plants to civilian uses.

Mr Kozyrev also urged the west to make room for Russia in arms markets such as the Gulf and even Nato countries, so it was less dependent on customers like Iran. Mr Peter Aven, foreign trade minister, said yesterday Russia was "intensively" negotiating to sell Mig-29 aircraft to Malaysia and expected a big increase in arms sales to China next year.

Japan investing less abroad

By Charles Leadbeater in Tokyo

JAPANESE foreign direct investment fell by about 16 per cent in the first half of this financial year compared with the rate of investment last year, according to government figures published yesterday.

However, Japan's current account surplus continued to grow strongly in October, rising to $11bn (£7.2bn), about 60 per cent up from the same month last year, while the trade surplus rose by about 28 per cent to $13bn.

Exports were 9 per cent up at $30.1bn, with imports at $17bn, 2.6 per cent lower than the same month last year. The growth of the surplus is likely to add to pressure on the government to revive the economy to raise import growth.

Japanese companies made 1,913 foreign direct investments in the six months to the end of September worth about $17.3bn, about 16 per cent down on the rate of investment last year and 39 per cent lower than in 1990.

The figures suggest Japanese companies are pulling back from the aggressive international strategies they pursued in the late 1980s, as a result of the slowdown in the Japanese economy, which has sharply cut profits and raised the cost of capital for investment.

The number of investments made in the US fell by about 22 per cent from last year's half-yearly rate to 629, worth about $8bn, about 11 per cent down. Japanese direct investment in the US is running at 38 per cent below the 1990 level. However, the US accounted for about 46 per cent of all Japanese foreign investment in the first half, compared with about 43 per cent last year.

Japanese investment in the UK is holding up well compared with that in the rest of Europe. There were 103 Japanese investments in the UK, worth about $1.8bn, a marginal increase on last year. In contrast, Japanese investment in Germany fell sharply. There were just 26 investments in the six months to the end of September, worth about $297m, compared with 119 investments worth $1.1bn all last year.

The Japanese are retreating from investment in eastern Europe. There were no Japanese investments in the Confederation of Independent States in the first half of this year and just one in Hungary, worth about $2m. Investment in Europe fell from 22 per cent of all Japanese direct investment last year to 20 per cent in the first half of this year.

Asian states were the main gainers, reflecting the strategic shift in Japanese investment towards the faster growing Asian economies such as Malaysia and Singapore.

There were 622 investments in Asia during the first half, barely down on last year. They were worth about $3bn, a slight increase.

Kohl to hold N-power talks

By Quentin Peel in Bonn

GERMANY'S leading electricity generators are to hold talks with Chancellor Helmut Kohl this month, to try to break the political deadlock over nuclear power generation.

Two of the biggest power station operators, RWE and Veba, have been holding talks with the opposition Social Democrats, represented by Mr Gerhard Schröder, prime minister of Lower Saxony.

Both operators denied yesterday that they were contemplating abandoning all nuclear power generation, as reported yesterday in the German media. However they are refusing to commission any new nuclear power stations until a political consensus has been reached.

Mr Schröder confirmed in Hanover that he had talked to Mr Klaus Piltz of Veba and Mr Friedhelm Gieske of RWE.

One proposal to emerge from the talks was a switch from the present system of nuclear fuel reprocessing – in France – to one of direct disposal and storage, he said.

Mr Schröder also said there was a possibility of keeping nuclear energy as part of a combination of power sources, including coal and gas-fired power stations, but only if safer nuclear technologies could be developed.

That concession was immediately welcomed by the German government as a significant move by the opposition, possibly opening the way for a cross-party consensus on nuclear power generation.

RWE and Veba yesterday said they wanted to include nuclear energy in power options, stressing that nuclear power stations were the only ones which did not produce carbon dioxide emissions.

Brazil sticks to date for steel sale

By Christina Lamb in Rio de Janeiro

BRAZIL'S President Itamar Franco said yesterday he would go ahead as planned with the privatisation of the National Steel Company (CSN) on December 22 – to the relief of investors.

With a minimum price of $1.6bn (£1.05bn), the CSN sale will be Brazil's largest privatisation so far. Mr Franco, who has frequently criticised the privatisation process, had been expected to delay the sale, but relented after meetings with ministers and the president of CSN.

Cancellation of the sale would have increased fears about the new president's commitment to modernisation. He has, however, ordered a new evaluation of the price and warned yesterday that if he is not satisfied by its findings he will halt the sale.

Mr Franco denied that he was planning to sack his economy and planning ministers. Rumours of the imminent dismissal of the two men have rocked financial markets all week after a comment by the president that "ministers can leave the government at any time" and his refusal to approve their plans on future economic policy.

In a change of strategy, Mr Franco said the ministers would now be free to adjust public sector tariffs and government controlled prices, but added: "I would just like to know first."

EC hopes for trade reforms this year

By David Gardner in Brussels and Quentin Peel in Bonn

ESSENTIAL elements of the Uruguay Round world trade reforms can still be agreed before the end of the year, according to EC officials. They expect hard bargaining with Japan when across-the-board negotiations resume in Geneva next week.

In Bonn yesterday President François Mitterrand of France insisted he wanted a Gatt agreement on trade liberalisation as soon as possible, but continued to reject the terms of the agricultural deal between the US and the European Community.

In spite of supportive words from German Chancellor Helmut Kohl on the need for a viable agricultural sector, delivered after their Franco-German summit in Bonn, the two sides emerged clearly divided on the farm trade element.

Mitterrand: wants a trade deal but rejects terms of farm pact

A joint statement said Germany accepted that the US-EC compromise was possible to implement within the agreed reform of the Common Agricultural Policy. But France said: "The results of Washington are not acceptable, because they are not compatible with the CAP."

Details of liberalisation measures in the 15 sectors of world trade being negotiated by the 108 participants in the General Agreement on Tariffs and Trade would not be finalised by the end of the year, officials said. But by then, "we will have to be able to say to heads of government that this negotiation is now going to be completed," a senior EC negotiator added.

Only now that the EC and US have settled their differences on farm trade can negotiations on reducing tariffs by an average 30 per cent, opening up trade in services and amending the Uruguay Round draft "final act" begin, the official said. On tariff reduction in particular, "we are really starting from scratch."

He said Japan's proposals on tariffs were "honourable on paper... but the way in which the [Japanese] system really works is not like that," because of their dense networks of non-tariff protection of their market.

"Japan seems to avoid getting wet in every multilateral negotiation, but this time they're going to have to come on board," the EC official said. "We have to try to corner them this time on non-tariff barriers."

The EC itself wants more flexibility in the Gatt code restricting subsidies, and revisions in the Uruguay Round chapters on intellectual property and dumping. But the official indicated that the Community would be cautious on pressing its concerns, for fear of unravelling the Gatt deal tied up so far, and missing the deadline for an agreement.

The expiry of the US administration's "fast track" authority in March – after which Congress could seek detailed amendments to a deal – means a political agreement must be in place by the end of this month.

The danger of France attempting to veto a Gatt deal to defend its agricultural exports is meanwhile being down-played in Brussels. Paris is likely to reserve its position until a full Uruguay Round agreement is ready, unless it is cornered at next weekend's Edinburgh summit of Community leaders.

The French government wants the European Commission to investigate whether the deal can be implemented without going beyond the CAP reforms in terms of cuts in farm output and acreage.

Drugs threat to border accord

By William Dawkins and David Buchan in Paris and Ronald van de Krol in Amsterdam

FRANCE has threatened not to apply the Schengen accord on free travel in continental Europe next year, unless the Dutch government curbs the sale of soft drugs.

Northern French cities such as Lille and Roubaix face serious social problems from both hard and soft drugs imported from Amsterdam and fear Schengen will worsen the crisis unless the Dutch clamp down. According to Mr Pierre Mauroy, mayor of Lille and former prime minister, there has been a sharp rise over the past 18 months in imports of heroin and ecstasy by youngsters who make car trips to Amsterdam for the purpose.

"France cannot accept the application of the Schengen accords unless the Netherlands change their legislation, their regulation and their judicial practice on drugs," Mr Paul Quilès, the interior minister, told a senate hearing.

The Schengen accord, which obliges its nine European signatories to scrap passport checks on their shared borders, is due to be operational on land frontiers by the middle of 1993 and at airports by next December.

The Dutch-Belgian frontier is already control-free, under a special Benelux accord, while customs make only random checks on the Belgian-French border. Such checks would vanish completely if Schengen came into effect.

Privately, Dutch officials described France's remarks as an attempt to discredit their candidacy for the siting of "Europol", a proposed EC police clearing house for information on drug trafficking.

New car sales rise 6.3% in November

By Kevin Done,
Motor Industry Correspondent

UK NEW car sales rose 6.3 per cent in November to 106,902, compared with the same months a year ago, while new commercial vehicle sales increased 15.3 per cent to 15,920.

Registrations of new cars and commercial vehicles have been higher than a year ago in three of the last four months.

Although stronger demand for new cars comes mainly from the fleet sector, where sales in November were 8.6 per cent higher, retail demand also rose 4.3 per cent.

"These figures reflect a continuing, modest but welcome increase in UK sales, with the full benefit of the abolition of special car tax still to work through," Sir Hal Miller, chief executive of the Society of Motor Manufacturers and Traders, said.

Special car tax was abolished three weeks ago, cutting car prices by about 4 per cent. Several car makers have been forced to raise prices, however, because of the devaluation of the pound.

Sir Hal said there was an "encouraging increase" in sales of light commercial vehicles, with a "modest upswing" in registrations of trucks and buses. "It is clear . . . that the green shoots of domestic growth are begining to show through."

New car sales in the first 11 months of the year, at 1,513,698, were still 1.3 per cent lower than a year ago, while new commercial vehicle sales in the first 11 months fell by 4.4 per cent to 189,031.

Car sales have dropped by nearly a third from the peak of 2.3m in 1989, while commercial vehicle sales have almost halved during the recession.

Ford, the leader of the UK new car market, suffered a 19.2 per cent drop in its sales volume in November in spite of the 6.3 per cent increase in the overall market. Its market share in November tumbled to 19 per cent from 24.9 per cent in the same month a year ago, while its share in the first 11 months of the year fell to 22.5 per cent, from 24.2 per cent.

Weakening sales and excess stock levels both in the UK and in continental European markets have forced Ford to cut output severely at its European assembly plants.

Rover, a subsidiary of British Aerospace, increased its sales volume by 16.4 per cent in November, mainly because of heavy sales to large fleet operators.

Rover accounted for 24.5 per cent of the fleet car market in November, compared with an average share for the first 11 months of the year of 17 per cent. In spite of higher sales in November, Rover's registrations for the first 11 months fell by 10.2 per cent, depressing its market share to 12.9 per cent from 14.2 per cent a year earlier.

Meanwhile, Japanese car makers were capturing a growing share of UK new car sales, led by Nissan, which more than doubled its sales in November from the same month a year ago.

Jaguar and Rolls-Royce Motor Cars, the luxury car makers among those worst affected by the recession, also increased sales year-on-year.

ITV is angered by OFT report

ITV YESTERDAY expressed outrage over an Office of Fair Trading report that condemned its new network system as anti-competitive, Raymond Snoddy writes.

The decision is likely to cause uncertainty in the ITV system for at least the next year and is almost certain to lead to an appeal to the Monopolies and Mergers Commission.

Sir Bryan Carsberg, director general of fair trading, said yesterday the arrangements proposed "are likely – indeed were in part intended – to have an anti-competitive effect on the television programme making and the television broadcasting businesses".

The proposals, governing how independent producers would sell programmes to the ITV network, specified that ITV could buy UK rights for 10 years with a further five-year option.

Independent producers could submit ideas to the network centre but the programmes would be commissioned through a sponsoring ITV company, which would see that all the rules were complied with.

Sir Bryan ruled that in deals with the network centre, a contract should run for no more than five years with an optional additional two, and that independent producers should have the option of being commissioned directly from the centre to reduce the cost, inconvenience and possible unfairness of finding a sponsoring ITV company.

The OFT also decided that the exclusive option for ITV to acquire rights to further programmes in a series and the programme format – which can often be sold to other countries – should be removed from the standard contracts.

Mr John Woodward, chief executive of Pact, the body representing independent producers, said: "What this means is that for the first time independent producers will be able to sell programmes to the ITV network on the same terms as ITV companies."

Statistics warn of further falls

A SMALL fall in the Central Statistical Office's shorter leading index, which indicates turning points in the economy about four months in advance, suggests further falls in output before the end of the year.

The latest cyclical indicators from the CSO point to more bad news ahead of Christmas and in the new year, but a rise in the economy later next year.

The longer leading indicator, which locates turning points about 10 months in advance, moved upwards in September and October.

The coincident indicator was slightly higher in September and October. It reflected some upturn in the production industries and retail sales.

Sunday ruling due later this month

THE EUROPEAN Court is to rule on December 16 whether the Sunday trading laws in England and Wales are compatible with EC rules.

The ruling might have a bearing on the speed with which the government's planned Sunday trading reform is implemented. Retailers said the ruling was unlikely to affect their decisions on whether to open on the last Sunday before Christmas.

Inverness mill to be expanded

NORBORD Highland, a subsidiary of Noranda Forest of Toronto, announced a £23m expansion programme at its Inverness mill yesterday.

The mill employs 120 people and supports three times that number in the forestry industry.

■Sterling rises 7 pfennigs against D-Mark ■Manufacturers remain sceptical ■House sales show a slight increase

Caution follows sterling euphoria

By Emma Tucker,
Economics Staff

THE "PROUD pound" – a recent endearment among foreign exchange dealers – rose more than 7 pfennigs this week. From DM2.41 at the open on Monday, it climbed to DM2.4875 at last night's close, prompting euphoric headlines and suggestions that sterling's fortunes had turned the corner.

Currency analysts yesterday recommended caution. Sterling may not be about to fall below DM2.40, but many factors behind its recent surge are temporary.

Main forces buoying sterling this week were:

- Turmoil in the European exchange rate mechanism. The pound benefited from its more stable position away from the strains that have rocked other European currencies, in particular the franc.
- Hopes for an economic recovery. Strong money supply data at the beginning of the week hinted at a recovery in retail sales.
- Repatriation of funds. Many fund managers, who reduced their exposure to sterling over the summer, were tempted to repatriate funds this week, particularly from France, where there was concern the franc might be devalued. Sterling also benefited from flows out of the Far East, where political tensions unnerved investors.

Longer-term prospects for sterling are more mixed. Its main drawback remains the economy's continued weakness.

The outlook in other European countries is even duller as Germany moves into recession. Mr Stephen Hannah, head of research at IBJ International in London, said: "One positive influence on sterling will be the fact that next year interest rates in the UK will probably hit bottom, but in Germany lending rates will be falling right through 1993."

That might lead to higher lending rates in the UK than in Germany, although Mr Mark Austin, of Hong Kong Bank, is sceptical. "I think we would need to see pretty incontrovertible evidence of strong growth and inflation before UK rates go back up again," he said.

By last night, many analysts, looking beyond recent boosts, were confident that the pound had established a firm floor at about DM2.40.

Are there significant signs of recovery?

MORE than two years into its longest recession since the 1930s, a weary Britain is sensing that better times might be near, Peter Marsh writes. But any upturn is almost certain to be modest.

Cautious optimism is abroad in the City and industry because several economic indicators in recent weeks have pointed to a recovery of sorts. Few observers are being upbeat, however. The Treasury, which has predicted an imminent upturn several times during the past two years, is notably cautious, saying only that "conditions for recovery" are in place.

There have been several encouraging developments. M0, the narrow measure of the money supply, which mainly comprises notes and coins in circulation and is a good indicator of consumer demand, grew by 3 per cent in the year to November. Retail sales volumes expanded by 0.9 per cent in the three months to the end of October, underlining the resilience of shop spending.

Import volumes have grown, there are signs that the housing market may be picking up slowly and some job agencies are reporting increased demand for office workers. Against those positive factors, industry order books are still thin, consumer confidence has yet to show much sign of an uplift and projected growth in unemployment to more than 3m over the next year is likely to damp confidence for the foreseeable future.

Here FT reporters examine the main sectors of the economy for signs of the long awaited recovery.

Manufacturing

Manufacturers remain highly sceptical about the prospects for any significant recovery in 1993, in spite of patchy evidence of some recent improvement in trading.

Companies are emphasising that any recovery in business will start from extremely low activity levels – with many manufacturers still recording output running as low as 30 per cent of capacity.

The Engineering Employers' Federation said it saw signs that output would begin to increase slowly from the beginning of 1993, but only in the motor vehicle and electrical and instrument engineering sectors.

Lord Hanson, chairman of industrial conglomerate Hanson, said: "We expect tighter margins in the UK for 1993 than in most of 1992."

Lord Weinstock, managing director of electrical engineering group GEC, said he was deeply cautious over the outlook for next year.

Housing

House sales have picked up during the past fortnight, according to some of the country's biggest builders and mortgage lenders. But the industry feels that might merely show a transitory improvement after one of the worst autumn selling seasons in memory.

Mr Joe Dwyer, chief executive of Wimpey, Britain's second-largest house builder, said: "I would like to believe this was the beginning of a more sustained recovery but it is far too early to be talking of an improvement."

Halifax building society, the UK's biggest mortgage lender, noticed a slight increase in sales during the last week of November. But Nationwide, Britain's second-largest society, reported a 2 per cent fall in prices last month.

Retailers

Retailers are concerned that Thursday's bombings in Manchester were the start of an IRA campaign targeting shopping areas, which might further depress the sector.

Mr Liam Strong, chief executive of the Sears retail group, said demand was flat.

Mr Stanley Kalms, chairman of Dixons, the electrical retailer, is more optimistic. "The high streets are bustling and it looks like Christmas will come this year," he said.

John Lewis Partnership, the department store chain, said sales were better in the final week of November than in previous weeks, but were still 1.3 per cent down on the same period last year, while food sales were 1.7 per cent down.

Transport

The transport sector provides a picture of almost unremitting gloom, with demand for goods and passenger services at best bumping along the bottom and operators seeing little prospect of an upturn.

Mr Chris Green, managing director of British Rail's InterCity sector, said demand in his part of the rail business was "absolutely flat", although things were not getting any worse.

The Freight Transport Association, the trade body for freight carriers, said confidence among members was patchy to non-existent.

Jobs agencies

Although unemployment will continue rising well after the upturn has begun, the jobs market provides useful clues of whether recovery is under way. On that score, there are some grounds for optimism.

There is some evidence that demand for temporary staff is picking up strongly. Mr Alec Reed, chairman of Reed Personnel Services, was one of the first to predict the downturn in 1988. "Now, I am pleased to say that I can confirm that recovery is under way," he said yesterday.

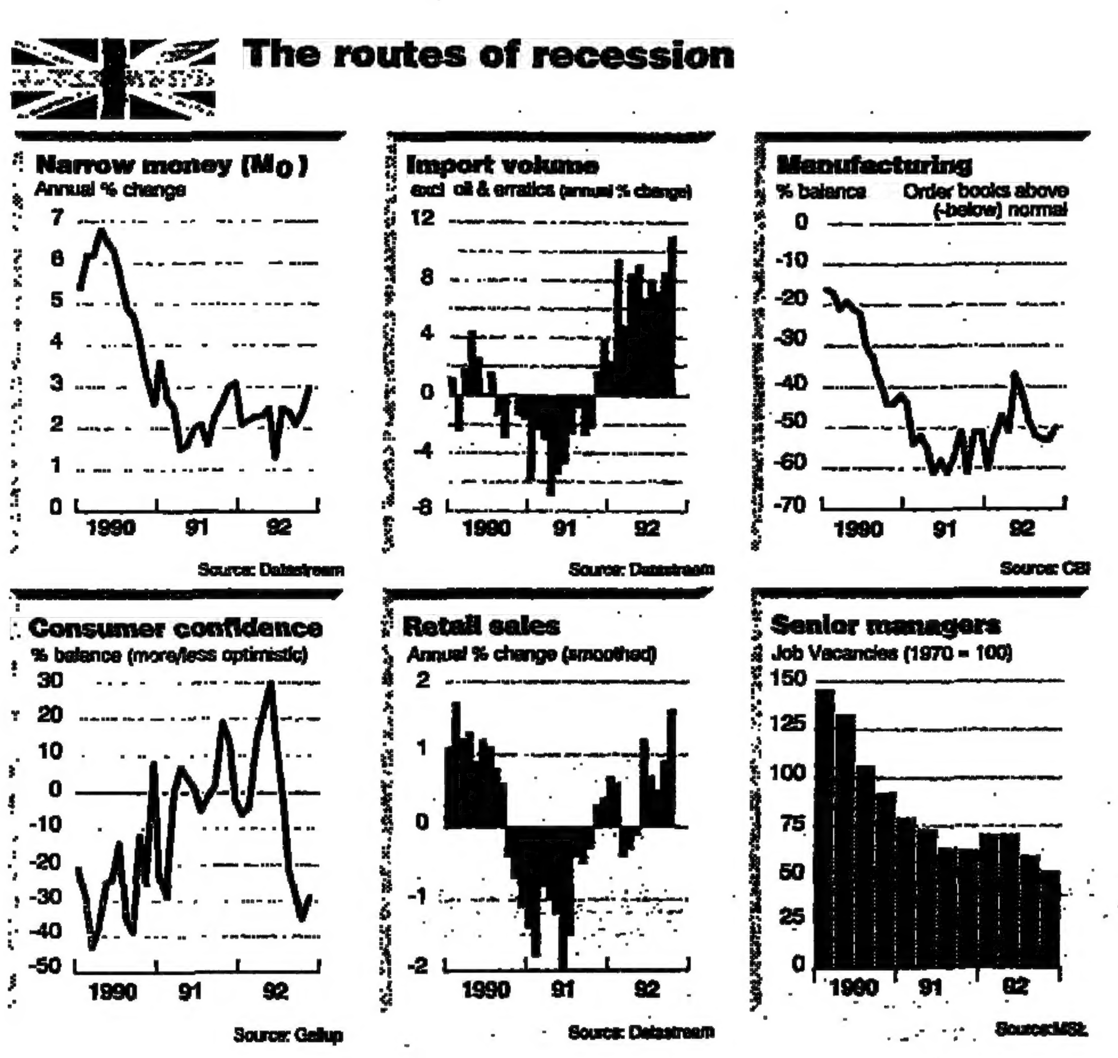
Mrs Lillian Bennett, chairman of the employment agency Manpower UK, is more circumspect but also sees some signs of recovery. "There has been some increase in demand over the past few weeks but it may be partly seasonal," she said.

Information technology

Few companies in the industry see many signs of improvement. Mr John Gardner, managing director of UK operations at computer maker ICL, said: "The UK market for information technology is flat and there is no sign of growth."

Meanwhile, the picture in the semiconductor industry is mixed. Manufacturers supplying memory chips and microprocessors to the computer industry are experiencing a strong pick-up in demand.

Mr Ernie Pusey, sales and marketing director of GEC Plessey Semiconductors, which concentrates on telecommunications and military markets, said: "Business in the UK is still in the doldrums."



Advertising

The advertising world is still grubbing around the roots of deep recession, in spite of a short-lived burst of increased spending by advertisers immediately after the election.

Industry estimates suggest that television advertising revenues this quarter will be down by at least 5 per cent in real terms against the same period for 1991. Immediate prospects for 1993 are that advertising expenditure (in real terms) generally will be no higher, and perhaps lower, than in 1992.

Food and drink

Among the big brewers, few signs of economic recovery were apparent. Mr Ian Prosser, chairman of Bass, said: "Emotionally, I feel more confident; but, having said that, trading conditions are still extremely difficult and there is no real evidence of any recovery."

Sir Allen Sheppard, chairman and chief executive of Grand Metropolitan, said: "At present, evidence of early economic recovery is sparse."

Luxury goods

Hope springs eternal in this sector. Truffles and champagne will be fashionable in the 1990s as consumers shake off the recession gloom and look for new ways of spending money, according to makers of such items. After very poor results in 1991, sales of luxury items seem to have picked up again at the end of the spring.

Harrods, the London department store, said sales of luxury items had shown very good results this year and had in general fared better than overall sales.

Hotels and travel

There are few indications that the sector is starting to hum. Forte, the UK's biggest hotelier and a large restaurant operator said: "There are no significant signs of an upturn." In London, the hotel trade remains depressed.

Leisure

In spite of the recession, bingo clubs are flourishing. The number of club licences has risen this year for the first time for nearly 20 years, attendances are up by 2 per cent and the average amount staked has increasing steadily to over £660m a year. Mr Mike Robinson, managing director of Top Rank, a big bingo operator, said: "People in such difficult times still want to have a night out where they can forget their immediate worries."

In book publishing, the industry has been in the doldrums for two years, and there are conflicting views as to whether 1993 will see an improvement.

Meanwhile, holiday companies report that demand has remained reasonably resilient. Thomson, the UK's biggest travel company, said it had sold almost all its Christmas holidays.

Property

The industry is shell-shocked, with confidence at a low ebb. Tenant demand continues to be weak and rents are still falling, as might be expected in an industry that traditionally trails the rest of the economy. "Tenants are still in the driving seat," says Mr Richard Guignard, managing director of Greycoat, a London-based property developer.

The slide in rental values, which was largely confined to London and the south-east until the start of this year, has spread to northern England and Scotland. Industry property, which had been relatively resilient to the downturn, has suffered a particularly sharp decline.

Insolvency practitioners

A boom sector during the recession; and unfortunately for much of the rest of industry, the trend of increased activity shows little sign of ending.

Few insolvency practitioners believe business is about to decline. In the year to April, the insolvency departments of the leading 10 firms in the sector alone was more than £300m, at a time when audit and other work has been suffering with many of their clients in decline.

Reporting by Andrew Baxter, Neil Buckley, Alan Cane, Michael Cassell, Richard Evans, Ariane Genillard, Andrew Jack, Vanessa Houlder, David Goodhart, Michiyo Nakamoto, Gary Mead, Philip Rawstorne, Michael Skapinker, Andrew Taylor and Richard Tomkins.

Kinnock backs electoral reform for best representation

By Alison Smith

MR NEIL KINNOCK, the former Labour leader, has publicly expressed support for electoral reform.

In a BBC interview with Mr David Dimbleby, to be shown today, Mr Kinnock also urges Mr John Smith, who succeeded him in July, to press ahead with further policy changes.

Mr Kinnock says he wants a change in the electoral system not to block the prospect of indefinite Tory rule but "because I think it's the only way to ensure that all parts of the country can be properly represented in a party or parties that can form government"

During the election campaign he refused to express a view on electoral reform before Labour's commission on constitutional matters reached a conclusion. The commission is due to report in the spring.

His advice to Mr Smith to push on with changes seems drawn from his experience of leading the Labour party to two election defeats.

He says: "My instinct is that the longer you give yourself with an assembled body of policies the better it is . . . The general thrust must be there and people must be confident about it and the sooner you do it the better."

Mr Kinnock acknowledges that it has taken too long to bring about policy reforms in some areas.

He admits that by the time of the 1987 election he thought some of Labour's policies, such as the opposition to council house sales, defence and the attitude towards the European Community, were wrong. He adds that proceeding with greater speed would have wrecked the Labour party and destroyed his aim of promoting unity.

Responding to a question about how he managed to take part in the 1987 election campaign defending policies he no longer believed in, he replies with a single sentence that may hold the key to his public persona of "windbaggery": "You give very long answers."

● Mr John Smith yesterday sought to rebuff criticism of his cautious leadership style.

He said on ITN: "I don't believe that you should rush forward and put everthying in your shop window . . . you've got to do the patient and careful work taking some original thoughts, working them through in practical ways."

Lamont vows to stay chancellor

By Ralph Atkins

MR NORMAN LAMONT has made clear his determination to remain chancellor. In interviews yesterday he said he wanted no other job in government.

There has been growing speculation at Westminster that he will be moved in a Christmas or new year cabinet reshuffle after criticism he has faced over the recession, disclosures about his Access credit card bill, and the Treasury's partial payment of legal fees incurred over an unwanted tenant in his private house.

Interviewed by the Wall Street Journal, Mr Lamont said there was "absolutely no" other job that interested him in government. He told The Times that his work as chancellor was "like living a thriller. There is no other way I would like to spend my life."

Mr Lamont has shown his irritation at his treatment by the press in the past two weeks, saying the media were in danger of abusing their powers in the same way as the trade unions had in the 1970s. The herd instinct of newspapers would prove their undoing, he predicted.

This week Mr Lamont has called in Peter Carter-Ruck and Partners, the libel lawyers, over reports in some newspapers about his credit card transactions. But Mr Lamont is not believed to be a supporter of a privacy bill.

The chancellor was in Brussels negotiating Britain's future when newspapers began inquiring about his credit card bill. "To have to leave that meeting to telephone my private office to answer questions about whether I had bought a bottle of wine in Paddington, and the price of that wine, was the height of absurdity," he told The Times.

● Checks have been made on the Treasury account used to help pay Mr Lamont's legal bills for evicting a tenant, it was disclosed today.

Mr Anthony Nelson, Treasury economic secretary, said in a Commons written reply that, apart from the £4,700 payment to Carter-Ruck, the only others relating to MPs were the purchase of minor stationery items for ministers' offices.

Mr Dale Campbell-Savours, Labour MP for Workington had asked for details of payments out of the account since the Tories came to power.

Mr Nelson said it was "a sundry payments account". It was not possible to check records as far back as 1979.

Labour hits at council tax rebate

By Alison Smith

A £60M SUBSIDY will go to people living in the UK's most expensive homes through the single-person council tax discount, at the expense of middle and low-income families, Labour said yesterday.

The emphasis on the 25 per cent cut in council tax available to single-person households regardless of wealth is a key element in the opposition's attempt to highlight what it sees as the unfairness of the new tax.

Tories seem more worried about the squeeze on spending to prevent bills rising too sharply, given the limited amount of grant available for the first year of the new tax. Labour, however, is determined to attack the basis of the tax as well as the spending settlement.

Mr Doug Henderson, Labour's local-government spokesman, pointed out that in terms of cash reductions, the discount most benefited those in the top bands. He said last night that the £60m could have been used instead to save every household £3 from their council tax bill.

Mr John Redwood, the local-government minister, attacked Labour for challenging the discount, available to 6m people, without saying how the party expected single people on lower incomes to pay the full charge.

Mr Henderson emphasised that benefit from the discount was concentrated in London. In Kensington and Chelsea, the cost of the discount for single people in properties worth more than £120,000 will be more than £3.5m.

Councils will be compensated centrally for operating the discount system, so its impact will be widely felt.

Son of poll tax, page 6; Weekend, Page IV

Housing turnover cut by half in four years

By Vanessa Houlder, Property Correspondent

TURNOVER in the housing market has roughly halved since 1988, according to statistics published by the Inland Revenue.

The total number of housing transactions in 1988 was 2.12m. In the year to September 30 1992 they fell by 11 per cent to 1.08m, equivalent to 7 per cent of the owner-occupied housing stock.

The report, published by the Valuation Office, an Inland Revenue agency, says most deals arose from events such as job relocation or repossession. "Very few are in consequence of a desire to move in and trade up in the market," it says. Residential land values have fallen by about 23 per cent in London and 5 per cent in the north and north-west of England. "What little optimism there was 12 months ago has gone," the report says.

The pace of decline in agricultural property has slowed in the past year, except for dairy farms in the south-west and Wales. Arable farm values have fallen by 8 per cent, mixed farm values by 7 per cent and dairy and hill farms by 6 per cent since October last year.

Across the country there has been a big drop in the number of agricultural sales over the past six months. Most deals have involved small parcels of land, rather than whole farms.

The report says the property investment market has continued to re-establish itself, albeit at lower levels.

The market in industrial property has virtually dried up in much of the country in the past six months.

Development land values dropped 10 per cent in the six months to September 30, with a 17 per cent decline over the last year. Wales and the west Midlands were the most resilient parts of the country.

The Property Market Report, published twice a year, is compiled from information supplied by 117 district valuers in England, Scotland and Wales.

● The number of houses started by builders fell to 11,800 in October from 14,200 in the same month last year, according to government figures released yesterday. There were 13,600 completions compared with 16,200 last year.

Starts for the quarter to October were down 7 per cent compared with the previous quarter and 11 per cent from the same quarter last year.

Property Market Report, Chief Executive's Office, Valuation Office Agency, Room G32, New Court, Carey Street, London WC2A 2JE. £30

London Buses to be sold

By Richard Tomkins, Transport Correspondent

LONDON BUSES, operator of the capital's red double-deckers, is to be broken into its 11 subsidiary companies and privatised from the end of next year, the government announced yesterday.

The move might mean the end of the capital's distinctive red buses if, as seems likely, buyers of the 11 companies adopt their own liveries and move towards single-deck, one-person-operated buses.

The London Tourist Board said it would be "a sad day for London" if privatisation led to the disappearance of one of the city's most famous symbols.

"The red double-decker is very much a part of the potential visitor's image of London and it should be protected," the board said.

Red double-deckers are already in retreat in the capital after a decision by London Transport, London Buses' parent, to put the operation of 40 per cent of the bus route network out to competitive tender.

Where London Buses has won the route contracts, the buses have kept the distinctive red colour.

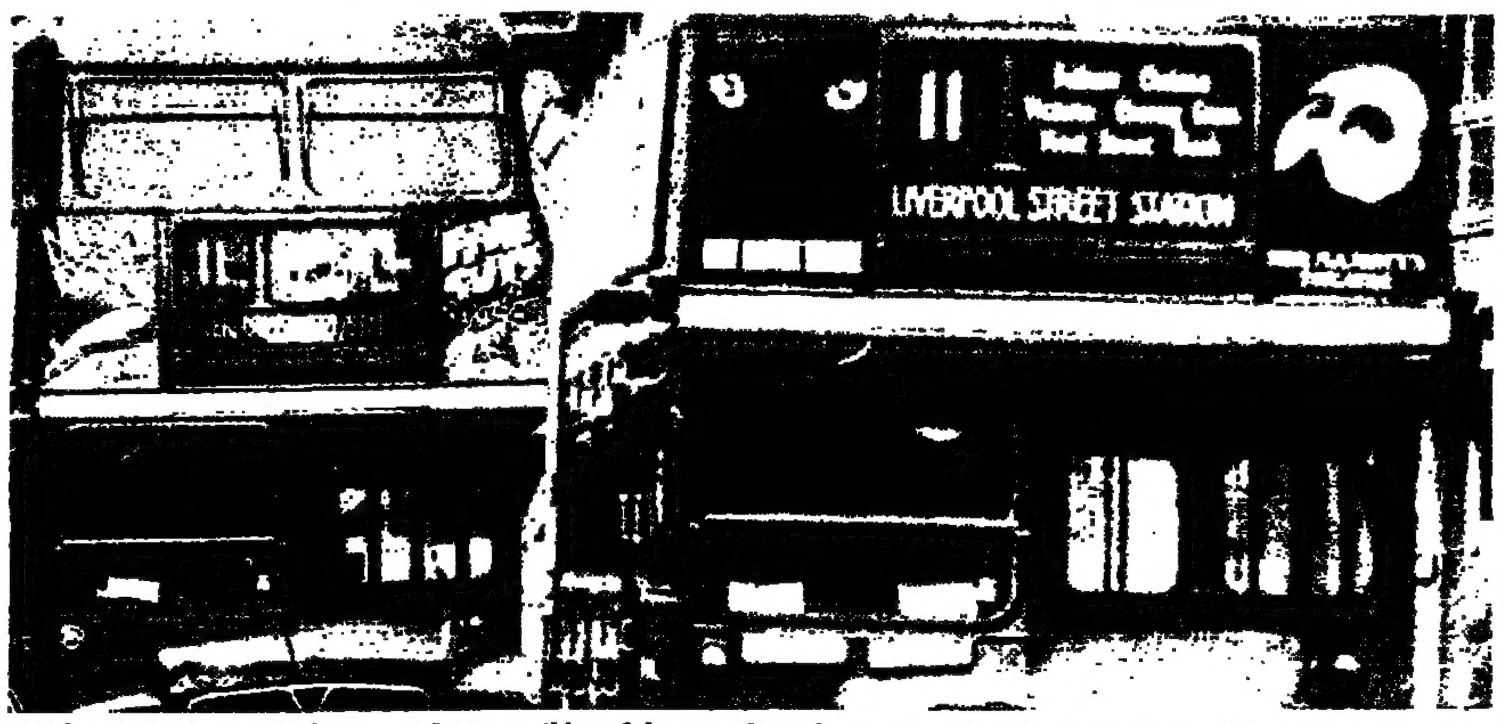
Where private companies have won the contracts, buses have appeared in an increasingly wide variety of colours and sizes.

The government's aim is to privatise London Buses' subsidiaries and encourage them to compete with other private-sector operators for the right to operate the rest of London Transport's bus routes.

For the present, London Transport will continue to control routes, timetables and fares in the capital, but Mr Steven Norris, minister for transport in London, said it remained the government's intention to move towards deregulation of the London bus market at the earliest opportunity.

That will make London the same as the rest of Britain, where deregulation took effect in 1986.

The result in some metropolitan areas has been severe congestion caused by large numbers of rival buses competing for dwindling numbers of passengers.



Red double-decker London buses may become a thing of the past after privatisation when the 11 companies adopt their own liveries

Sheerness dockers opt for job losses

MORE THAN 250 dock workers at the Port of Sheerness in Kent have taken redundancy and left their employment this week rather than accept new contracts of employment, Lisa Wood writes.

The dock workers voted on Monday to strike in protest at the contracts, which cut pay by up to 10 per cent and introduced new working paterns.

Mr Peter Vincent, chief executive of Medway Ports, said that contract labour was being used temporarily and every ship was being serviced normally.

British Sugar deal

BLUE-COLLAR workers at British Sugar, the maker of Silverspoon sugar, have won a two-hour cut hours and a 5 per cent rise backdated to April.

Pit clean-up cash

THE Environment Department has given the National Rivers Authority [illegible] to find a way to clean up polluted water flowing from the Wheal Jane mine near Truro, Cornwall.

Heseltine seeks to end coal-power row

By Michael Smith

MR Michael Heseltine, trade and industry secretary, tried to break the deadlock between British Coal and electricity companies over contract terms yesterday by suggesting they negotiate a deal for one year rather than the five under discussion.

He also gave the strongest indication yet that the energy review, due to be completed by the end of January, will result in substantial increases in the market for British coal.

Mr Heseltine's remarks, in a letter to Mr Neil Clarke, BC chairman, are likely to stimulate interest by the regional electricity companies in reaching agreements. But there are considerable obstacles to overcome and it remained unclear last night whether agreement would be reached before the energy review is completed.

The review is due to be completed by the end of January. Some regions would be unwilling to buy electricity at the same price as was envisaged in five-year deals because a one-year deal could give no guarantee of subsequent price reductions.

Agreement will also have to be reached on tonnages, with the possibility that British Coal will want to sell more than the 40m tonnes on offer in the five-year talks.

One option is that present deals will be extended by a year with adjustments for prices and volumes.

In his letter, published yesterday in response to a parliamentary question, Mr Heseltine tells Mr Clarke that any contracts should not prejudice the energy review's outcome.

The review, he said, was launched amid widespread concern that there might be a market for substantially higher tonnages.

"Against that background", Mr Heseltine hoped negotiators could agree arrangements that will "ensure a sound and stable basis for the British coal industry and the electricity supply industry to plan their businesses at least for 1993-94, and pending implementation of options identified in the light of the review of the prospects of the 21 pits".

The three-year coal contracts with the electricity companies terminate at the end of March.

Renault will close Dunstable works

By Kevin Done, Motor Industry Correspondent

RENAULT, THE French car and commercial vehicle maker, is to close its truck assembly plant at Dunstable, Bedfordshire, ending truck making in the town. Dunstable was once one of the leading truck centres in Europe, producing vehicles under the Bedford, Commer, Karrier and Dodge brand names.

The workforce had already been cut to 522 from 1,070 at the end of 1989. The closure, with the loss of 280 jobs, comes only a few months after AWD, the privately owned truck maker which took over the heavily loss-making Bedford truck operations in Dunstable from General Motors in 1987, was forced into receivership with the loss of 650 jobs.

Renault said yesterday UK production of its 50 Series and Midliner trucks would end in spring. It will maintain its commercial and parts operations at Dunstable, employing 244 people, and form a small vehicle engineering centre at the site to provide vehicle specifications required in the UK market.

It is understood that Renault Truck Industries has lost £11m-£12m this year compared with a pre-tax loss of £18.6m in 1991. Closure provisions are expected to push the total loss above last year's level.

RTI said it would change its name this month to Renault VI United Kingdom.

● Alliance & Leicester, the fourth-largest building society, yesterday announced 400 job losses over the next one to two years. Staff will be cut by a quarter at Alliance & Leicester's two administrative centres, at Oadby near Leicester and at Hove, East Sussex.

FINANCIAL TIMES

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Recession to recovery

INFLATION IS yesterday's problem. This is the new conventional view in Anglo-Saxon economies, but not only in these economies, since it is also held by many in Japan and continental Europe as well. Now, it is argued, the priority must be growth.

This may be the new conventional wisdom. But it is not universally held, something that residents of inflation-prone countries should remember. Moreover, some of those who do not give the idea allegiance possess the power to thwart its application. Most important among them are Mr Helmut Schlesinger and his colleagues at the Bundesbank.

The need to shift attention from the control of inflation to the promotion of economic growth had long been urgently argued by the outgoing Bush administration. Mr Clinton's new administration is likely to be still more enthusiastic, though its zeal for action may be blunted by the continuing run of good economic data. As for Mr Major, just a month – together with the collapse of the ERM policy – was enough to shift him from his target of "zero inflation" to his new "strategy for growth".

Countries like Germany that have avoided U-turns as shameless as Britain's have also avoided the stop-go cycles that tend to be their consequence. The Bundesbank, in particular, is determined to prevent the mistakes associated with unification from ruining its historic achievement. It will, therefore, not respond to the evidence of a rapid slow down in the German economy by slashing interest rates in the British manner. The recession is more likely to make the Bundesbank feel grim satisfaction, since it believes that consumer price inflation is still about double the tolerable level.

The figures for German gross domestic product in the third quarter show that the country is in a recession, defined in the classic manner as two successive quarters of negative economic growth. But the Bundesbank does not believe that the recession will be a deep one. This complacency is not universally shared. The respected Ifo institute has argued this week that manufacturing output will fall 1¼ per cent this year and then fall by up to 3 per cent between this year and next.

Dark clouds

For the Bundesbank, however, even such a black cloud would have a silver lining. Wage settlements should fall quite swiftly and have, indeed, started to do so. IG Metall, the country's most powerful union has accepted a basic deal in the enfeebled steel industry of between 3 and 4 per cent over 18 months. This followed a still more encouraging 12-month, 4.2 per cent agreement in the less internationally exposed insurance industry.

The question is how swiftly the Bundesbank will ease further. It believes that it was established to protect the German people from the vagaries of German politicians and is convinced that those politicians have been more than usually irresponsible in their handling of unification. It will, therefore, be inclined to pursue a tight policy as long as there is any inflationary danger, pretty well regardless of the domestic and international consequences.

Investors aware of the longer term prospects for German interest rates have let the D-Mark lose about six per cent of its value against the dollar since late September. Even the pound sterling has found what seems to be a secure floor at DM2.40 and closed yesterday little short of DM2.50.

Domestic inflation

For currencies within the ERM, however, the external weakening of the D-Mark, though helpful in terms of overall competitiveness, does little to relax the current squeeze. D-Mark interest rates continue to set the floor for almost all of them. The hope of Germany's partners must be that the recession will be as deep as some Germans now fear. Only a deep recession is likely to bring German inflation and so the Bundesbank's interest rates down quickly enough to ensure the survival of the current parities. Judging by Mr Schlesinger's remarks this week, foreign exchange intervention will not ensure that outcome. It must be strange for the French government to find itself praying for a German recession. But these are strange times in Europe.

What it sees across the channel must further convince the British government of the good side of ERM eviction. There are even signs of green shoots. Car sales are up; monetary growth is up; the equity market is up; and the pound is now up. Unemployment is also up, with 17,500 job losses announced on Thursday alone. But that is bound to continue for a long time.

Yet for all the better news in the UK, the longer term wisdom of the Bundesbank should not be forgotten. Higher inflation will not bring an enduring improvement in economic performance, as the British of all people know. Moreover, British inflation is no better than the German even now. If this is to be an enduring recovery, not just another flash in the pan, underlying inflation must continue to fall. Many hope it will; many fear it will not. Much depends on wages. The government may hope for a rapid recovery now. But it should also remember how past dashes for growth have ended.

The council tax is an improvement on its predecessor, but will people accept it, ask **Alison Smith** and **John Willman**

Difficult birth for son of poll tax

The usual weekly meetings with electors this weekend will give Tory MPs their first opportunity to judge whether the council tax represents a calm after the storm produced by the poll tax, or whether it promises more of the same.

There is no sign – so far – that the drama of the poll tax will be repeated. But while there will be no rioting in the streets, there is unlikely to be any dancing either.

Individual valuations putting each of England's 20m properties into one of the eight bands for the new tax landed with local authorities this week, amid predictions of a renewed political storm over local taxation.

Last week, Mr Michael Howard, the environment secretary, announced the government's spending plans for local councils next year. This has led to a series of estimates of likely council tax bills which allow most people to make a reasonable guess about how much they will be paying from April 1993. These developments have brought local finance back into the news from the obscurity into which it had faded since the days of poll tax riots in Trafalgar Square and mass resignations of Tory councillors in deepest Oxfordshire.

It is already clear that in introducing the new tax, ministers have learnt several lessons from the poll tax debacle. The structure of the council tax, the limits on local government spending and the arrangements for moving from one system to the next have all been informed by the traumas that wracked the government and contributed to the then Mrs Thatcher's downfall.

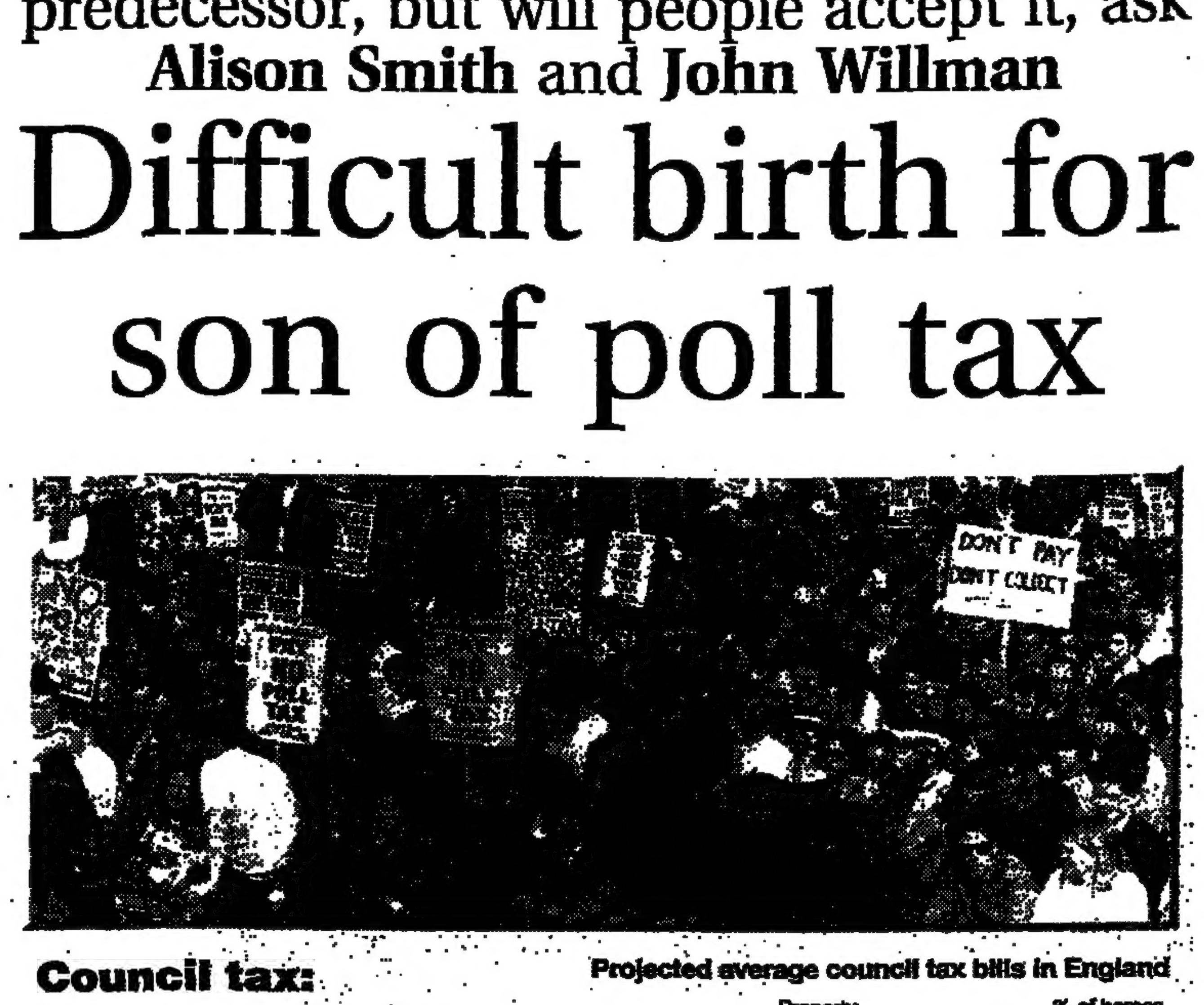
On structure, the most important lesson learnt was the need for the new tax to be seen as fair. The poll tax was a flat-rate charge on almost all adults, designed to make local government more accountable to the electors. But instead it was widely seen as unfair, bearing no relation to ability to pay – hence its unpopularity.

The council tax takes local taxation back to a property base. The size of the bill will depend on the value of the home, which acts as a proxy for ability to pay. And each home will receive only one bill which, because it is linked to property rather than people, will be harder to evade.

Cunningly, the council tax also avoids some of the difficulties associated with the system of rates, the property tax which preceded the poll tax. The most important criticism of rates was that they took no account of the number of adults in a household. The widow living on her own paid the same as the two-earner household next door. With the council tax, single householders will be entitled to a 25 per cent discount on their council tax bills.

The allocation of each home to one of eight valuation bands restricts the ability of spendthrift councils to milk better-off home-owners, as some did under the old rating system. The tax to be levied on a home in the top band is three times that on the bottom band.

"The council tax is better than the rates for single people, and many people think it better than the community charge [poll tax] because obviously it is in part related to people's wealth through their property," Mr John Redwood, the local government minister, says. Even so, some Tories are worried about the impact on traditionally Conservative single pensioners living in southern England, whose fixed incomes are not related to the value of their homes.



Council tax: who foots the bill

Projected average council tax bills in England

Band	Property value	Bill	% of homes in this band
A	Up to £40,000	£329	26
B	£40,000 - £52,000	£384	19
C	£52,000 - £68,000	£439	22
D	£68,000 - £88,000	£494	15
E	£88,000 - £120,000	£604	9
F	£120,000 - £160,000	£713	5
G	£160,000 - £320,000	£823	4
H	Over £320,000	£988	1

Labour's spokesman, Mr Doug Henderson, acknowledges that "it's not as bad as the poll tax", and Mr Jeremy Beecham, leader of Newcastle-upon-Tyne council and chairman of the Labour-controlled Association of Metropolitan Authorities, says: "We will make the council tax work, though it's not without its difficulties."

Chief among these difficulties, according to Mr Beecham, will be making sure that the 25 per cent deduction for single-adult homes is not abused. While there will be no register of adults living in every household, some form of checking will be needed.

And the tax is getting very complicated in order to be fair to everyone, says Ms Elizabeth Anson, chairman of the Conservative-controlled Association of District Councils. "There are exemptions for students, for example, and student nurses. Bills will have to be adjusted to take account of the transitional relief which means that the extra people will pay with the new tax is limited. The end result will be very confusing."

Whatever the worries about the new tax, however, there is near-unanimity among local government leaders of all political complexions that the council tax is an improvement on the poll tax. There is also a realisation that, if it does not work, there may be little future for independent local government with its own tax base.

But selling the council tax to the voters does not just depend on whether its structure seems fair and workable. It is vital that April's bills should be kept at what ministers call "realistic" levels to avoid the steep rises that accompanied the poll tax, for which the government was blamed. The rises were so steep that the government was ultimately forced to increase VAT by 2.5 percentage points to take £140 off each bill.

Ministers are relying on last week's toughening of the government's limits on local spending to hold down April's council tax bills. Some of the councils which will feel the tightest squeeze are loyal Tory district councils.

Mr Redwood calls the settlement "tight but deliverable". His optimism is shared by Mr Bill Dixon Smith, chairman of the Association of County Councils: "Given the very tight controls by the government on local government spending, there should not be massive increases in bills for most people."

There remains, however, a very real possibility that ministers will have to "cap" the budgets of shire districts that have been Tory since elections began. And if there is any single point at which the introduction of the council tax could come unstuck over the next few months, it will be over the Commons vote on capping. Councils begin setting their budgets in January, and those provisionally selected for capping are announced in early April. After councils have a further opportunity to make representations, MPs debate capping in late May. There is likely to be a Tory revolt on the issue in the Commons: its success will depend on how far councils press their local MPs.

In addition to the structure of the new tax and the level of next April's bills, another threat may lie in the organisation of the changeover.

The launch of the poll tax was marred by foul-ups in the computer software and systems installed to collect it. This is unlikely to be repeated with the council tax, according to Ms Moira Lee, of the Institute of Revenues Rating and Valuation, the professional body for the local authority staff who must make the new system work.

"The poll tax experience was a steep learning curve, and our members now have a much better idea of what computer companies can do. So far, the indications are that all is going well and the tax will be introduced on schedule."

Another problem with the introduction of the poll tax sprang from predictions of average bills which turned out to be over-optimistic in most parts of the country. Ministers are anxious to avoid the same mistake this time round, and have resolutely avoided making predictions about average or typical levels. They are assisted in this resolve by the banding system, since it is by no means clear what a typical or average value is.

Even the valuation process – tipped by many as a stumbling block – does not appear to have caused an upsurge of ill-will so far. The main worry for many critics was that the valuations, based on prices in April 1991, would be seen as unrealistically high by householders whose property values had plummeted since then.

The valuers, however, seem to have produced lower values than most commentators had expected.

As Mr Redwood is fond of pointing out, a quarter of householders will have no cause to complain about their valuation, since they have been put in the lowest band. Appeals may be deterred by the probable need for a professional valuation, costing anything up to £150, to challenge the April 1991 assessment.

Even in London, where prices have fallen sharply and valuations are high in comparison with the rest of the country, Tories believe they can live with the bandings that have emerged. "The worry about valuations is still there," says Mr Richard Tracey, chairman of London Tory MPs, "though there is some evidence that the average valuation for the boroughs is better than one thought."

London Tories are also concerned about the timing of transitional relief which will ensure that no one, even in the most highly valued property, should face an increase in their local taxation bill of more than £182. While they welcome the way it has been designed, they are concerned about how quickly it will be phased out, and what the bills for 1994-95 will look like. They are particularly worried about the impact on London borough elections in spring 1994.

Mr Redwood offers a glimmer of hope, pointing out that the transitional relief is for a minimum of two years. "If people say that that's too rapid, we will have to see whether we can do it over a longer period," he says. "We'll make final decisions in the light of the settlement next year."

But despite all these positive portents for the new tax, the government is by no means home and dry. Labour believes that there is enough unfairness in the system to make it worth keeping up the sniping. "The rich do well, single rich people do well and middle-income people in an ordinary house in London do badly," says Mr Henderson.

And in the long term, the council tax will do nothing to solve the problems of local finance. The tax will still raise only the paltry 15 per cent of council spending budgeted for next year. Most people involved in local government believe that this is too small a proportion. They argue that the council tax will therefore need to rise to provide an adequate tax base for local government. However, the number of changes in local government finance, plus the reorganisation and the rolling programme of elections means that it is hard to find a good time to raise bills.

"I don't see how anyone with commonsense can be happy about it, but we've got to make it work," one southern Tory backbencher said. It may not be much, but even a mood of grim determination is better than the reckless hostility that sealed the fate of the poll tax.

MAN IN THE NEWS: ***Yegor Gaidar***

Fighter who is his own man

Yegor Gaidar was born as a politician at the last Congress of People's Deputies in April. The mild-mannered former academic and journalist came out fighting before a hall of deputies only a little less hostile than they are now.

Then, he threatened his critics with his government's resignation – and won, when they agreed to his economic reforms. Now, as a vote on the continuation of his powers is expected daily at the current congress, he has refused to woo those who must confirm him.

This seventh meeting of Russia's parliament sees a new role for the acting prime minister and the architect of radical economic reform: that of a more experienced statesman-of-principle who can still win a round or two of bare-knuckle combat. Many of his colleagues have undergone a similar transformation – particularly his deputies, Alexander Shokhin and Anatoly Chubais, and Andrei Kozyrev, the foreign minister.

But Gaidar must bear the largest burden of responsibility by far, a burden made heavier by the "acting" which precedes his prime ministerial title, and gives him the aspect of always being on trial. Though Boris Yeltsin, the Russian president, is no longer untouchable, he is protected by his office and his mandate: Gaidar, by contrast, occupies a post which in the Soviet system was firmly controlled by the Politburo and which he now holds only because Yeltsin supports him.

Yet he remains his own man. His speech on Wednesday was not calculated to win round the uncommitted deputies in the "swamp" of the central ground: indeed, one deputy estimated after it was made that Gaidar had lost 20 per cent of his support. If so, it was not through a display of cowardice.

To a hall more than half full of men and women chosen because they had been loyal upholders of communism, he mocked the Soviet period as one where "discussions of reform plans went on for a year and a half and they privatised 107 shops, 57 canteens and restaurants, and 36 consumer service departments". To those deputies who had spent much of the past year trying to whip up an apathetic populace to public protest, he observed that strikes were down to a sixth of the levels a year ago and "even demonstrations are hard to organise". And to the majority who had just put together a catch-all motion condemning the reform programme as "contrary to the interests of most of the population", he said that there was no alternative to his way.

His speech still bore the hallmarks of the academic – he observed that "Ludwig Erhard [the progenitor of German economic reform after the last war] would be spinning in his grave" to observe what parliament had voted for in the name of a "social market" – namely, inflationary wage and pension rises. But Gaidar also proved he is now a politician who thinks on his feet: responding to a speech by Ruslan Khasbulatov, the parliament's speaker, who had talked of a choice between an American monetarist model and a Scandinavian social democratic model, he presented himself as the practical man. He wearily dismissed Khasbulatov's abstruse theorising – "we're simply not at the stage where such a choice is realistic". Darkly, he warned the deputies that the real choice was between cleaving to the hard path of reform, or descending to the status of the third world.

In insisting that economic policy must again be tightened, in stressing his own government's mistakes in allowing credit to be loosened and inflation to climb towards hyperinflationary levels, he again showed his independence by contradicting much of what Yeltsin had earlier promised. But if he is to control the country's finances, and realise his efforts to stabilise the currency and force industry to reconstruct, then he and Russia face greater trials than he is presently undergoing in the overpoliticised arena of the congress.

Gaidar has not yet done what he said he would do: he has not been able to change the economy to such an extent that companies and individuals now responded to market signals. He argued in his speech they were beginning to do so: that "production is beginning to respond to changing demand, directors are beginning to be concerned first of all about sales": but he is, as he knows, plucking the first fruits – important as they are – not gathering in a harvest.

Some of this is his own fault. He was too confident, at first, of the ability of the government to hold the line on public spending. He underestimated the power of the bureaucracy and the industrial lobbies, and may have been too sanguine about the readiness of the west to assist and of foreign companies to invest. He talked, as did others in his team, about a kamikaze raid on the command-administrative system – an attack which would sink the system, even as it destroyed the government which dared to launch it.

But both the government and Gaidar survive, and both are fighting for their lives. In the course of the past year, he and others, including the foreign governments that hope anxiously for a continuation of reform, have learned there is no such thing in the former Soviet Union as short, sharp shocks – only long, complex movements through a society too inured to command and direction to react quickly to anything, even liberation.

As he struggles, the environment in which he does so has changed. Mr Yeltsin, on Tuesday, unequivocally pointed to the state as the lodestar of reform, reminding his audiences in and outside the congress hall that Russians had always looked to the state to assist them, in a way the Americans and British had not – a reminder, it seemed, from the president to his acting prime minister that Anglo-Saxon *laissez-faire* has its limits.

Many of his supporters in the west have asked recently whether or not Gaidar should resign, and lead his team out of government in order to preserve a market-reform alternative unsullied by too much compromise. He has thought of this: but has decided to fight, at least through this congress, for the acceptance of a reasonable budget for next year.

After that? There may still be no alternative to his course of action.

John Lloyd

A final foreign fray

Jurek Martin examines the US military venture in Somalia

Last hurrah?: A flag of warning has been raised about the wisdom of George Bush's decision

For the fourth and surely last time on President George Bush's watch, American soldiers are being sent in numbers overseas on a specific military mission. But Somalia is different from its predecessors in Panama, the Gulf and northern Iraq, though it bears some resemblance in purpose to Operation Provide Comfort 18 months ago, which sought to protect the Kurds from Saddam Hussein. It is different mostly in that it was unexpected.

It is not easy to piece together how and why the Bush administration decided on the eve of Thanksgiving last week that the US military should be despatched to Somalia to ensure that humanitarian relief supplies got through. The first contingent of 1,800 Marines out of a United Nations-authorised force that might run to 30,000-plus were already off the coast yesterday.

There is no dissent from the obvious – that this was George Bush's decision. It may best be seen as the final act of a humiliated president, no longer grubbing for votes, anxious to go out on a high note, and persuaded that a Somali operation was militarily manageable where a Bosnian one was not. It is instructive that nobody else has tried to claim responsibility, and the president, having conceded he felt adrift after his election defeat and grieving over the death of his mother, appears energised again.

It was unexpected mostly because there was no extraordinary discernible pressure on the administration to act in a country where no vital US interest is even remotely at stake. Congress was in post-election recess and while some graphic US press reports on the suffering in Somalia filled the news void in the interregnum between the Bush and Clinton governments, they were by no means comparable to those which helped bring about the Kurdish effort. Only yesterday did the heavyweight television anchormen start landing in Mogadishu, the Somali capital.

The administration itself seemed in pure lame duck mode. White House daily briefings had virtually ceased to exist, James Baker, Mr Bush's *eminence grise* in so many things, has not been seen for a month and the State Department's morale was further laid low by the disgrace of its involvement in the rifling of Mr Clinton's passport files.

There were no overt hints that the Defence Department had revised its long-standing aversion to open-ended and under-prepared military ventures. The Clinton transition team was still in its formative phase and barely in a position to make suggestions or come to conclusions. In any event, the president-elect had made it clear that until his inauguration, Mr Bush was in charge.

Nor were there great external pressures for involvement in Somalia. Mr Boutros Boutros-Ghali, the UN secretary-general, had set in motion Security Council deliberations about precisely what could be done about the unfolding humanitarian tragedy, but his leverage in Washington is limited. Other leading western powers had been conspicuously cautious, another contrast with the Kurdish venture in which Mr John Major, the British prime minister, had taken such a lead. The relief agencies, concerned for the safety of their own personnel on the ground, seemed ambivalent about the wisdom of military intervention, even though they reported that perhaps only 20 per cent of relief supplies were being delivered to those who desperately needed them.

There are theories that it was the State Department, traditionally more interventionist than the Pentagon, intent on restoring its reputation and free of Mr Baker's tutelage, took the critical initiative. Certainly the policy paper which Mr Bush ultimately approved last week was principally drafted by Mr Frank Wisner, the under-secretary for international security affairs. But at least one cabinet member intimately involved in the process and now with no particular axe to grind flatly denies that Foggy Bottom took the lead.

The military high command did undertake a fresh risk analysis of Somalia. It has been a practical rule of thumb of the maximum force doctrine of General Colin Powell, chairman of the joint chiefs of staff, that whatever troop deployment might be considered necessary to do the job needs to be multiplied by five to ensure success. The Pentagon still insists, and has got its way, that US forces answer to US, not UN, commanders. It is also considered critical that whatever the US engagement, its duration must be defined as carefully as possible. Mr Dick Cheney, the secretary of defence, talks freely of the necessity of handing over authority to the "blue helmets" (the UN) as soon as the current threat to relief supplies is neutralised.

Of imponderable, but perhaps significant, impact were external inputs into these deliberations, for example those of Mr Fred Cuny, who runs a consulting firm, Intertect, out of Dallas, Texas. He has often been described as the Red Adair of the relief business, a hard-nosed freelance troubleshooter familiar with regular and irregular military capabilities. He is now back in Somalia but he told Mr Paul Wolfowitz, head of the Defence Department's policy planning, and anybody else who would listen in Washington in the middle of last month, that the Somali gangs holding relief supplies hostage were simply no threat to a high-tech military. He estimated that a US force of perhaps 3,500 men would be sufficient for the immediate task at hand.

But Mr Cuny does not pull the sort of weight here that all high-level doors open to him. In this transitional and Baker-free vacuum, he was much helped by the old resident foreign policy establishment, mostly now out of government, though it certainly includes Mr Wisner and Mr Wolfowitz.

A leading, discreet role was undoubtedly played by Mr Morton Abramowitz, the veteran diplomat who now runs the Carnegie Endowment for International Peace, where he is emphasising contemporary humanitarian issues. He has friends all over town and in the media and some say that it was he who made sure Mr Cuny's views were received in the right circles, including the foreign policy columnists of The New York Times.

Thus, only belatedly, has the wider political Washington begun to wonder if this latest military venture is wise and if Mr Bush's hope that it can be concluded by the time Mr Clinton takes office next month is realistic. Mr John Murtha, of the House appropriations committee, has raised the congressional flag of warning, which the president sought to calm by briefing the Capitol Hill leadership yesterday morning. Any number of old Africa hands, such as Mr Chester Crocker, formerly of the State Department, have spoken of the complexities of forging a necessary political resolution in Somalia. This is, of course, beyond the brief of the US forces. It will not necessarily be beyond the brief of the next US administration.

The drought is finally over, writes **Bronwen Maddox**

Wet, wet, wet

"I suppose you could say the drought has ended," is the cautious response from the UK National Rivers Authority (NRA) – and much of the water industry – to the past week's deluge.

Six days of near-constant rainfall have flooded much of Wales, the west country and the Thames valley, prompting evacuation of villages, slaughtering of livestock and causing an estimated £1m damage in Wales alone.

This autumn is the wettest for eight years, with nearly one and a half times the usual amount of rain. It has brought an end to one of the century's worst droughts and to several years of disruption for householders in the south-east, where water is scarcest.

Earlier this spring, after the fourth successive dry winter, 6.5m people in the south-east were banned from using hosepipes. Two water companies – Anglian and Essex – also made headlines last month by announcing that they would start the compulsory installation of household water meters to encourage people to use less water.

But as householders stare out at their waterlogged gardens they would be entitled to ask how effectively the authorities would respond during the next drought. Their concerns will have increased after this week's report by Ofwat, the water industry regulator, that 22 per cent of treated water is lost through leaky pipes and mains – enough to fill 48m baths a day.

The water companies are anxious to point out that the levels of the water tables are not yet back to normal – in east Anglia the level is still near its all-time low.

Echoing the now-famous British Rail excuse, several water companies have blamed the weather for delivering "the wrong kind of rain". It has fallen in the wrong place – four times heavier over Wales and the south-west, which had no shortages, than over the dry south-east. And it has fallen too fast, saturating the top soil and then running off into the sea without time to percolate down to the water table.

"If this winter is wet it will solve a lot of problems, but we really need another one to get back to normal," said Ms Emer O'Connell of the NRA.

Customers may have found the shortages inconvenient, but the water companies are proud of their "drought-busting" efforts over the past few years.

Mr Alan Smith, group managing director of Anglian Water, in the driest part of England, said: "This drought was far worse than the 1976 one and we were much better prepared this time – we had a 12-month hosepipe ban which ended last winter, but no essential supplies were affected."

Since the drought started, Anglian has spent £25m on linking the wettest and driest parts of its region, which should reduce the impact of any future droughts.

Could they have done more?

Mr Smith argues that "whether to carry out drought work is always a dilemma. We don't want to waste money by having an asset lying in the ground unused and at the end of the day what we spend has to be reflected in customer charges." Although an engineers' report in the summer concluded that Anglian could spend "a hundred million pounds" on anti-drought measures if it chose, "we had concluded by mid-September we were not going to do it".

Other companies, commenting on this week's Ofwat report, are also adamant that plugging leaks would not have offered an an easy solution, contrary to public impressions. Cambridge Water maintains that its leakage rate is already nearly half the national average, in common with many companies in regions where water is scarce. Water companies also say that it is often very expensive to the point of being uneconomic to detect and fix leaks in pipes buried several metres underground.

However, others in the industry say privately that some problems could have been tackled earlier. One southern executive called hosepipe bans "the easy option" compared to spending money.

Ms Janet Langdon, director of the Water Services Association (WSA), which represents the 10 large water and sewerage companies, says that "lack of investment in the past" before the WSA companies were privatised in 1989 is partly to blame for shortages.

Few companies are willing to say that there will never be hosepipe bans again, but many are confident that they are now protected against the vagaries of the weather. Mr Roderick Paul, chief executive of the Birmingham-based Severn Trent which has just opened a £109m reservoir said: "Comfortable is an awful word to use, but water is not a problem because we planned for it."

Although the drought has grabbed the public imagination, southern companies believe they need to spend more attention and money on coping with the rapidly rising population in their regions. Demand for water in East Anglia has been rising by nearly a quarter per decade as more people move in, attracted by Stansted airport and the new roads which will make Cambridge a key junction. Without new measures, lack of water year-round could eventually "be a real problem", according to Mr Smith.

That means plans for metering are probably here to stay, even if they are resented by customers. It means, too, that some companies may seek to open reservoirs and boreholes, even though this would provoke opposition from environmental groups and need lengthy negotiation with the NRA. The costs of meeting that demand will also, in one way or another, make its way onto customers' bills.

The drought is over, but the problems of long-term water shortages in the south-east are not.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Put another way, inequitable tax can be better presented

From Mr E Anthony Bradman.

Sir, In publicising the council tax, the government has, yet again, demonstrated its ineptitude in communicating with the electorate.

The basis of assessment to the tax is comparative property values determined at April 1 1991. In practice, the choice of date is as irrelevant as it is misleading.

If appeals are to be forestalled, the government should now adopt a broad-brush approach and announce that, since property prices have fallen, on average, throughout England and Wales, in the last 18 months by, say, 20 per cent, the starting point for each band will be reduced accordingly but the allocation of individual homes into each band will remain unchanged.

Thus the new steps would be fixed at: B £32,000 (instead of £40,000); C £41,600 (£52,000); D £54,400 (£68,000); E £70,400 (£88,000); F £96,000 (£120,000); G £128,000 (£160,000); H £256,000 (£320,000). Honour will thus be satisfied!

Alternatively, as a real give-away, the bands might be arbitrarily reduced by 50 per cent, resulting in potential vendors appealing to have their property reassessed into a higher category. The public might then get the message: all forms of taxation are inequitable and arbitrary, particularly those based on transient asset values. The public rejected the tried and tested (and arbitrary) rating system; they cannot object to its equally flawed successors unless, in the interest of simplicity and equity, they abolish local taxation and with it the concomitant right to elected local government.

E Anthony Bradman,
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Damaging repercussions if oil and gas shut off to protect coal

From Mr Tony Craven Walker.

Sir, David Lascelles ("Coal on his Christmas list", November 30), although eloquent on the balance of argument between the most vocal protagonists – all state-owned or recently privatised – ignored the position of the oil and gas industry.

Over the past 25 years the industry has considerably benefited the balance of trade, boosted the Treasury by £118bn and, in 1991, provided 21 per cent of total UK industrial investment. It currently involves more than 3,000 companies, employing some 300,000 people. As a result of the intense "partisan lobbying" (Lex, November 30) taking place on behalf of Nuclear Electric, National Power, PowerGen, British Coal, British Gas and the regional electricity companies, all of which seek to maintain protected positions in one way or another, the current coal debate overlooks the importance of the offshore industry in the UK energy spectrum.

Offshore oil and gas reserves are as important a national asset as coal reserves and must not be overlooked in the current energy review. It is not simply a case of shutting off (or forgetting about) gas to provide a market for coal as is being suggested by the coal lobby. Such a policy would result in substantial reserves of oil and gas remaining undeveloped, the deflection of international capital, a huge loss of investment, jobs and tax revenues, and a negative impact on balance of trade.

Only competition will attract investment, increase jobs and reduce energy costs, not the extension of monopoly positions. Coal can compete with gas and British Coal should be grasping opportunities provided by lower exchange rates to expand its markets within the international coal industry rather than seeking protection by regulation in the UK.

This contrasts with British Coal chairman Neil Clarke's vision of there being no alternative to closing mines other than closing down the offshore gas industry. Shutting down oil and gas projects would damage not only employment but also the willingness of the international oil industry to invest in UK energy reserves.

In the "white heat" of the current debate on the "dash for gas", do not forget the individuals who work in the offshore gas industry and the benefits they have brought.

Tony Craven Walker,
chairman,
Monument Oil and Gas,
80 Petty France,
London SW1H 9EX

Who getting tough with whom?

From Mr Christopher W Taylor-Young.

Sir, Surely there is a misprint in your headline, "Tougher control of City urged by Treasury" (December 4). Should it not read "Tougher control of Treasury urged by City"?

Christopher Taylor-Young,
Taylor Young Investment Management,
45 Curlew Street,
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European agriculture forced in wrong direction

From Mr Anthony Rosen.

Sir, There appears to be considerable misinformation, or being charitable, misunderstanding, about the effect that the probably General Agreement on Tariffs and Trade agreement will have on Europe's food production.

Under the agreement there is absolutely no actual requirement upon Europe's farmers to reduce, for example, cereal production. What is required is that the amount of *subsidised exports* is reduced. Un-subsidised exports will remain unrestricted.

In addition, even the reduction in subsidised exports is relatively non-damaging since the Gatt agreement requires a reduction in these of only 21 per cent in volume terms and 36 per cent in export subsidy cash terms by the year 2000.

Last year export refunds cost European Community taxpayers over £8bn, plus a further £5bn for storing surpluses. At the same time these subsidised exports caused havoc in world food markets and were especially damaging to Third World food producers.

The whole direction towards "peasantisation", in which European agriculture is being forced to travel by misdirected government subsidisation, is wrong. The majority of Europe's farmers could compete, and be far better off, were they allowed to compete, unsubsidised, on world food markets for that percentage of their production that is surplus to EC domestic requirements.

The peasants of Europe could then be supported by governments, at considerably less cost than the present corrupt and anachronistic Common Agricultural Policy, for social reasons only.

Anthony Rosen,
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Successful military intervention in Bosnia is feasible

From Lord Hylton.

Mr Malcolm Rifkind, the defence secretary, recently told the Western European Union in Paris that 100,000 troops and many casualties would be necessary for successful intervention in Bosnia. This might be so, if by it he means the expulsion of every Serb. What is most needed, however, is to raise the sieges of Sarajevo, Gorazde and Srebrenica, and to protect Travnik and the remaining free Moslem areas. To do so would establish minimum conditions for a permanent ceasefire.

To achieve such limited aims, the existing United Nations forces of 16,000 would suffice, provided:

- the "no-fly resolution" is rigidly enforced in Bosnia, by allied aircraft;
- helicopter support is available for UN convoys and for the Bosnian state forces;
- the Bosnian forces are provided with ammunition, machine guns, rocket launchers and mortars, together with a few military advisers;
- air attacks on Serb artillery, munitions factories and air bases may also be required.

The evidence of Slovenia, Dubrovnik and even Croatia shows that the Serbs pull back when they are seriously resisted. Surely the above limited proposals are necessary to halt aggression, prevent the exodus of another million refugees and avoid the involvement of Middle East powers, in what could only be an ever-expanding war. Air power is the key, as was seen in Kurdistan.

Hylton,
House of Lords,
London SW1A 0PW

Fire-fighting halons should not be banned

From Mr Max Jones.

Sir, In welcoming, in your editorial "Saving the ozone layer" (November 26), the progress of the bureaucrats implementing the 1987 Montreal Protocol in relation to the use of CFCs in refrigeration, you may not have noticed that the ban on the production of halons for fire-fighting – itself introduced as a proposal at the 11th hour in 1987 – has been brought forward by six years to January 1994.

This is despite no effective substitute for the two most widely used halons, 1211 and 1301, having been developed yet.

The timing of this announcement was particularly ironic, coming as it did in the week after the great fire of Windsor Castle. These halons are ideal where computers, archives and, yes, works of art, are to be protected, being as they are not only very powerful fire killers but also neither wet nor powdery. Unused halon fire extinguishers pose no threat to the ozone layer.

When used for fighting fires they are quick and effective and thus prevent large quantities of carbon dioxide being generated by burning timber, etc.

The fire-fighting halons are environmentally friendly and should not be banned.

Max Jones,
14 Montagu Drive,
Leeds LS28 2PD

NEWS: UK

Housing turnover cut by half in four years

By Vanessa Houlder, Property Correspondent

TURNOVER in the housing market has roughly halved since 1988, according to statistics published by the Inland Revenue.

The total number of housing transactions in 1988 was 2.12m. In the year to September 30 1992 they fell by 11 per cent to 1.08m, equivalent to 7 per cent of the owner-occupied housing stock.

The report, published by the Valuation Office, an Inland Revenue agency, says most deals arose from events such as job relocation or repossession. "Very few are in consequence of a desire to move in and trade up in the market," it says. Residential land values have fallen by about 23 per cent in London and 5 per cent in the north and north-west of England. "What little optimism there was 12 months ago has gone," the report says.

The pace of decline in agricultural property has slowed in the past year, except for dairy farms in the south-west and Wales. Arable farm values have fallen by 8 per cent, mixed farm values by 7 per cent and dairy and hill farms by 6 per cent since October last year.

Across the country there has been a big drop in the number of agricultural sales over the past six months. Most deals have involved small parcels of land, rather than whole farms.

The report says the property investment market has continued to re-establish itself, albeit at lower levels.

The market in industrial property has virtually dried up in much of the country in the past six months.

Development land values dropped 10 per cent in the six months to September 30, with a 17 per cent decline over the last year. Wales and the west Midlands were the most resilient parts of the country.

The Property Market Report, published twice a year, is compiled from information supplied by 117 district valuers in England, Scotland and Wales.

● The number of houses started by builders fell to 11,800 in October from 14,200 in the same month last year, according to government figures released yesterday. There were 13,600 completions compared with 16,200 last year.

Starts for the quarter to October were down 7 per cent compared with the previous quarter and 11 per cent from the same quarter last year.

Property Market Report. Chief Executive's Office, Valuation Office Agency, Room G33, New Court, Carey Street, London WC2A 2JE. £30.

Sheerness dockers opt for job losses

MORE THAN 250 dock workers at the Port of Sheerness in Kent have taken redundancy and left their employment this week rather than accept new contracts of employment, Lisa Wood writes.

The dock workers voted on Monday to strike in protest at the contracts, which cut pay by up to 10 per cent and introduced new working paterns.

Mr Peter Vincent, chief executive of Medway Ports, said that contract labour was being used temporarily and every ship was being serviced normally.

British Sugar deal

BLUE-COLLAR workers at British Sugar, the maker of Silverspoon sugar, have won a two-hour cut hours and a 5 per cent rise backdated to April.

Pit clean-up cash

THE Environment Department has given the National Rivers Authority £8m to find a way to clean up polluted water flowing from the Wheal Jane mine near Truro, Cornwall.

London Buses to be sold

By Richard Tomkins, Transport Correspondent

LONDON BUSES, operator of the capital's red double-deckers, is to be broken into its 11 subsidiary companies and privatised from the end of next year, the government announced yesterday.

The move might mean the end of the capital's distinctive red buses if, as seems likely, buyers of the 11 companies adopt their own liveries and move towards single-deck, one-person-operated buses.

The London Tourist Board said it would be "a sad day for London" if privatisation led to the disappearance of one of the city's most famous symbols.

"The red double-decker is very much a part of the potential visitor's image of London and it should be protected," the board said.

Red double-deckers are already in retreat in the capital after a decision by London Transport, London Buses' parent, to put the operation of 40 per cent of the bus route network out to competitive tender.

Where London Buses has won the route contracts, the buses have kept the distinctive red colour.

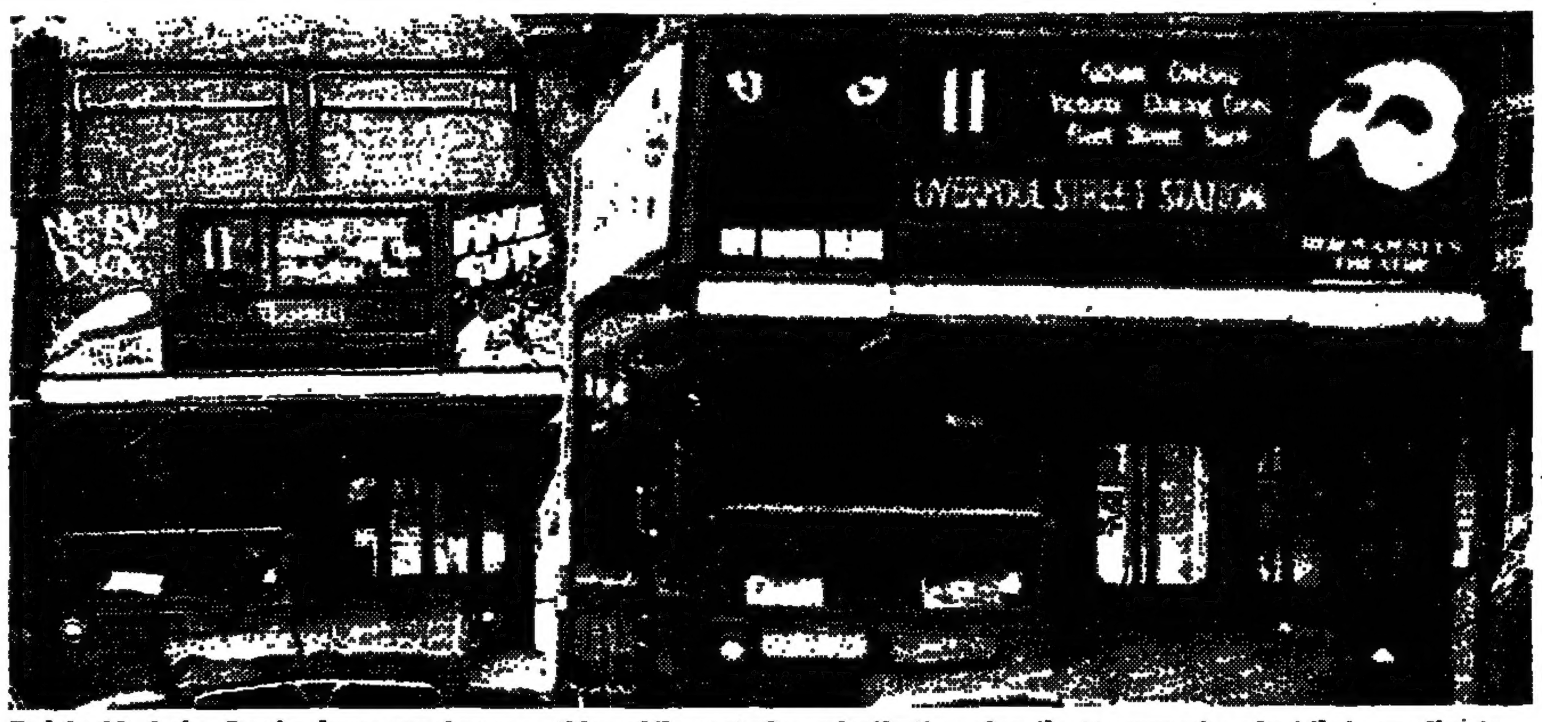
Where private companies have won the contracts, buses have appeared in an increasingly wide variety of colours and sizes.

The government's aim is to privatise London Buses' subsidiaries and encourage them to compete with other private-sector operators for the right to operate the rest of London Transport's bus routes.

For the present, London Transport will continue to control routes, timetables and fares in the capital, but Mr Steven Norris, minister for transport in London, said it remained the government's intention to move towards deregulation of the London bus market at the earliest opportunity.

That will make London the same as the rest of Britain, where deregulation took effect in 1986.

The result in some metropolitan areas has been severe congestion caused by large numbers of rival buses competing for dwindling numbers of passengers.



Red double-decker London buses may become a thing of the past after privatisation when the 11 companies adopt their own liveries

Heseltine seeks to end coal-power row

By Michael Smith

MR Michael Heseltine, trade and industry secretary, tried to break the deadlock between British Coal and electricity companies over contract terms yesterday by suggesting they negotiate a deal for one year rather than the five under discussion.

He also gave the strongest indication yet that the energy review, due to be completed by the end of January, will result in substantial increases in the market for British coal.

Mr Heseltine's remarks, in a letter to Mr Neil Clarke, BC chairman, are likely to stimulate interest by the regional electricity companies in reaching agreements. But there are considerable obstacles to overcome and it remained unclear last night whether agreement would be reached before the energy review is completed.

The review is due to be completed by the end of January. Some regions would be unwilling to buy electricity at the same price as was envisaged in five-year deals because a one-year deal could give no guarantee of subsequent price reductions.

Agreement will also have to be reached on tonnages, with the possibility that British Coal will want to sell more than the 40m tonnes on offer in the five-year talks.

One option is that present deals will be extended by a year with adjustments for prices and volumes.

In his letter, published yesterday in response to a parliamentary question, Mr Heseltine tells Mr Clarke that any contracts should not prejudice the energy review's outcome.

The review, he said, was launched amid widespread concern that there might be a market for substantially higher tonnages.

"Against that background", Mr Heseltine hoped negotiators could agree arrangements that will "ensure a sound and stable basis for the British coal industry and the electricity supply industry to plan their businesses at least for 1993-94, and pending implementation of options identified in the light of the review of the prospects of the 21 pits".

The three-year coal contracts with the electricity companies terminate at the end of March.

Renault will close Dunstable works

By Kevin Done, Motor Industry Correspondent

RENAULT, THE French car and commercial vehicle maker, is to close its truck assembly plant at Dunstable, Bedfordshire, ending truck making in the town. Dunstable was once one of the leading truck centres in Europe, producing vehicles under the Bedford, Commer, Karrier and Dodge brand names.

The workforce had already been cut to 522 from 1,070 at the end of 1989. The closure, with the loss of 280 jobs, comes only a few months after AWD, the privately owned truck maker which took over the heavily loss-making Bedford truck operations in Dunstable from General Motors in 1987, was forced into receivership with the loss of 650 jobs.

Renault said yesterday UK production of its 50 Series and Midliner trucks would end in spring. It will maintain its commercial and parts operations at Dunstable, employing 244 people, and form a small vehicle engineering centre at the site to provide vehicle specifications required in the UK market.

It is understood that Renault Truck Industries has lost £11m-£12m this year compared with a pre-tax loss of £18.6m in 1991. Closure provisions are expected to push the total loss above last year's level.

RTI said it would change its name this month to Renault VI United Kingdom.

● Alliance & Leicester, the fourth-largest building society, yesterday announced 400 job losses over the next one to two years. Staff will be cut by a quarter at Alliance & Leicester's two administrative centres, at Oadby near Leicester and at Hove, East Sussex.

EDUCATION

M T W T F S S

ECONOMIC DIARY

TOMORROW: Swiss referendum on joining European Economic Area.
MONDAY: Central Statistical Office issues figures for credit business (October). US consumer credit (October). European Community foreign ministers meet in Brussels for more discussions on the forthcoming Edinburgh summit. European Community transport council meets in Brussels (until Tuesday). Mr John Major, prime minister, has talks with Mr Albert Reynolds, Irish premier, in Dublin. Mr Hans Tietmayer, deputy governor of the Bundesbank, speaks in Zurich on "Europe on the way to monetary integration". The Economist holds conference on "The future of the UK passenger railway" in London.
TUESDAY: Day of action against planned cuts in 999 emergency telephone service. Start of two-day Financial Times conference on "The petrochemical industry – strategies for survival" at Hotel Inter-Continental in London.
WEDNESDAY: US wholesale sales (October). Portuguese parliament is expected to debate and ratify Maastricht Treaty on closer European union (until December 10).
THURSDAY: Bundesbank council meeting. US producer price index (November); jobless claims; housing completions (October); money supply (November).
FRIDAY: US retail sales (November); consumer prices and real earnings. European Community holds summit meeting in Edinburgh, marking the conclusion of the UK presidency of the EC (until December 12). British Steel/BISPA publish figures for usable steel production (November). Construction output (third quarter-provisional) from the Department of the Environment. Central Statistical office issues retail prices index and tax and price index (November). Bank of England publishes figures for capital issues and redemptions (November).

FT-SE Actuaries Share Indices — THE UK SERIES

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Dec 4 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Dec 3 Index No.	Wed Dec 2 Index No.	Tue Dec 1 Index No.	Year ago (approx) Index No.	1992 High		1992 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (175)	801.02	-0.3	7.07	5.35	18.41	30.03	803.72	799.88	801.81	718.82	929.04	20/5	664.23	9/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	780.51	-0.1	6.74	6.92	20.91	37.11	781.38	784.79	781.38	849.28	1121.52	11/5	617.65	9/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (26)	648.09	-0.7	4.24	7.65	64.34	37.49	652.41	656.07	654.82	895.94	1069.64	11/5	485.72	9/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2239.52	....	7.50	6.75	17.43	108.10	2238.46	2243.97	2207.06	2325.91	2758.50	22/5	1874.89	20/10	3040.80 8/9/89	84.71 25/6/62
5	Electronics (28)	2187.72	-0.3	7.03	3.93	18.05	51.29	2194.55	2196.23	2241.92	1602.93	2242.58	30/11	1655.93	13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (6)	266.85	-1.6	13.26	8.79	9.59	15.92	271.16	261.63	260.36	323.99	406.10	20/5	243.47	24/11	502.42 13/6/90	243.47 24/11/92
7	Engineering-General (43)	466.89	-0.8	8.53	5.03	14.98	16.90	470.66	464.29	462.86	448.24	567.62	20/5	409.31	9/9	567.62 20/5/92	339.57 23/1/91
8	Metals and Metal Forming (7)	299.20	-0.1	5.69	4.31	25.65	8.52	299.50	297.24	297.97	299.33	379.31	18/5	255.51	8/9	596.67 9/10/87	49.65 6/1/75
9	Motors (15)	347.28	+0.7	5.86	6.77	24.90	17.59	344.92	343.48	332.18	274.53	403.06	21/5	274.42	1/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrials (18)	1868.39	-0.3	6.68	4.49	18.08	61.23	1874.47	1862.52	1877.28	1438.63	1906.65	11/5	1480.17	9/9	1906.65 11/5/92	277.55 15/1/81
21	CONSUMER GROUP (192)	1718.06	+0.2	6.79	3.40	18.31	41.31	1715.28	1711.27	1722.50	1532.98	1761.38	11/5	1446.17	25/8	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (25)	2004.64	-1.1	8.29	3.77	14.61	43.06	2027.70	2041.06	2073.94	1872.01	2278.85	11/5	1812.14	5/10	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (19)	1285.04	-0.5	8.14	4.16	15.35	39.42	1291.91	1294.68	1291.54	1179.04	1327.80	11/5	1064.95	10/9	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	3166.96	+1.2	8.14	2.97	15.99	70.26	3129.73	3107.77	3106.28	2372.06	3166.96	4/12	2293.80	10/1	3166.96 4/12/92	54.25 11/12/74
27	Health and Household (26)	4383.77	+1.7	5.08	2.59	22.89	87.89	4312.41	4286.90	4338.47	4078.69	4654.94	14/1	3648.63	26/8	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (18)	1201.87	-0.2	6.96	5.71	18.89	46.03	1204.38	1207.21	1206.60	1217.79	1450.36	13/5	898.80	16/9	1845.77 8/9/89	54.83 9/1/75
30	Media (26)	1719.76	-0.5	5.82	3.07	21.41	38.77	1727.78	1713.98	1722.93	1407.09	1727.78	3/12	1376.55	25/8	1727.78 3/12/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	762.26	-0.1	6.85	4.27	18.10	24.33	763.30	755.09	757.26	715.44	875.53	13/5	633.17	16/9	875.53 13/5/92	43.46 6/1/75
34	Stores (33)	1132.57	-0.5	6.43	3.20	20.57	26.44	1137.74	1132.87	1136.90	966.48	1137.74	3/12	907.08	25/8	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	699.33	-1.0	6.80	4.36	18.54	23.43	706.47	710.98	703.92	596.26	756.70	8/5	551.94	25/8	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (115)	1400.41	-0.5	8.91	5.02	13.93	45.52	1406.75	1400.03	1407.45	1158.86	1407.45	1/12	1140.56	3/4	1407.45 1/12/92	58.63 6/1/75
41	Business Services (17)	1422.49	-0.9	6.24	3.58	19.64	34.10	1435.78	1432.48	1437.69	1369.37	1511.16	11/5	1160.34	1/9	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1381.85	-0.3	6.62	5.30	19.10	54.36	1386.02	1369.34	1366.83	1352.34	1629.99	8/5	1243.05	1/9	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (10)	1349.98	-2.6	9.68	9.25	12.80	40.93	1385.69	1388.93	1397.79	1256.67	1509.94	11/5	1087.92	2/9	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	2642.94	-1.0	8.58	4.49	13.97	88.31	2669.44	2641.16	2659.60	2165.05	2790.11	20/5	2133.26	26/8	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1516.97	+1.2	14.05	4.94	9.16	55.01	1498.78	1496.51	1491.36	1147.05	1569.04	19/11	1044.63	7/4	1569.04 19/11/92	994.96 7/1/91
46	Telephone Networks (4)	1673.01	-0.6	7.97	4.09	16.31	48.48	1682.42	1676.25	1699.21	1399.20	1699.21	1/12	1274.20	3/4	1699.21 1/12/92	517.92 30/11/84
47	Water (11)	3175.54	+0.4	14.34	5.56	7.71	95.06	3161.83	3145.36	3141.93	2184.65	3357.97	11/11	2140.95	8/4	3357.97 11/11/92	1820.20 1/5/90
48	Miscellaneous (22)	2418.10	-0.2	5.88	4.19	21.02	60.58	2423.48	2409.28	2423.93	1707.95	2423.93	1/12	1770.94	3/1	2423.93 1/12/92	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1386.77	-0.1	7.54	4.27	16.59	39.71	1388.51	1383.57	1391.11	1208.42	1427.97	11/5	1168.49	1/9	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (18)	2139.67	-0.6	6.24	6.06	21.07	103.27	2152.41	2164.62	2191.52	2152.90	2226.66	2/1	1756.72	7/8	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1458.44	-0.2	7.41	4.45	16.96	44.69	1460.97	1457.14	1466.13	1291.39	1493.99	11/5	1228.86	26/8	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (82)	836.99	-0.8	-	5.24	-	32.17	844.02	844.25	856.07	691.06	857.10	30/11	631.13	25/8	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	1141.78	-1.4	5.39	4.88	27.82	40.52	1157.54	1152.06	1171.23	796.73	1205.51	10/11	790.95	3/4	1205.51 10/11/92	62.44 12/12/74
65	Insurance (Life) (6)	1715.78	-0.5	-	5.30	-	68.18	1723.92	1724.37	1739.28	1356.16	1739.28	1/12	1243.61	6/4	1739.28 1/12/92	44.88 2/1/75
66	Insurance (Composite) (7)	613.30	-0.4	-	4.91	-	22.58	615.92	628.67	646.73	493.77	647.86	30/11	418.66	27/7	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	709.49	+0.3	8.85	7.54	15.18	47.71	707.22	703.12	703.72	966.48	1031.35	27/1	527.43	25/8	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (6)	465.47	....	-	4.91	-	16.75	465.28	464.64	458.15	451.09	521.89	22/5	395.41	28/8	547.59 12/10/87	31.21 7/1/75
69	Property (30)	611.21	+0.2	8.88	6.89	14.76	28.61	609.86	611.29	613.14	821.06	799.69	20/1	464.71	16/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (14)	270.42	...	7.42	6.20	17.76	10.81	270.32	269.89	269.52	230.88	271.79	26/5	215.81	2/9	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1269.20	-0.3	-	3.41	-	31.02	1273.65	1274.48	1281.63	1133.87	1281.63	1/12	1024.12	25/8	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (651)	1308.63	-0.3	-	4.53	-	41.18	1312.13	1309.32	1318.76	1148.49	1326.36	11/5	1086.13	25/8	1326.36 11/5/92	61.92 13/12/74

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Dec 4	Day's change %	Thu Dec 3	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	128.46	+0.15	128.27	2.73	10.99
2	5-15 years (25)	145.72	+0.26	145.35	3.00	11.85
3	Over 15 years (8)	152.62	+0.24	152.24	3.22	10.57
4	Irredeemables (6)	170.28	+1.28	168.13	1.23	13.68
5	All stocks (61)	142.27	+0.23	141.94	2.95	11.64
	Index-Linked					
6	Up to 5 years (2)	183.92	+0.12	183.69	0.71	3.68
7	Over 5 years (10)	164.82	+0.08	164.69	1.33	4.04
8	All stocks (12)	166.18	+0.08	166.04	1.25	3.96
9	Debs & Loans (62)	122.34	+0.22	122.07	2.34	11.13

AVERAGE GROSS REDEMPTION YIELDS

			Fri Dec 4	Thu Dec 3	Year ago (approx.)	1992 High		1992 Low	
	British Government								
1	Low	5 years	7.30	7.28	8.72	10.03	15/9	6.88	9/11
2	Coupons	15 years	8.26	8.29	9.46	9.72	1/4	8.06	12/11
3	(0%-7¾%)	20 years	8.50	8.55	9.46	9.72	1/4	8.34	12/11
4	Medium	5 years	7.58	7.62	9.78	10.28	1/4	7.11	11/11
5	Coupons	15 years	8.72	8.75	9.59	9.82	1/4	8.47	11/11
6	(8%-10¾%)	20 years	8.89	8.92	9.55	9.76	1/4	8.71	12/11
7	High	5 years	7.81	7.84	10.02	10.50	1/4	7.35	9/11
8	Coupons	15 years	9.01	9.06	9.67	9.96	1/4	8.76	11/11
9	(11%-)	20 years	9.09	9.14	9.59	9.90	5/10	8.87	11/11
10	Irredeemables (Flat Yield)		8.91	9.01	9.65	9.92	2/4	8.69	11/11
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.54	2.56	3.95	5.06	16/9	2.25	11/11
12	Inflation rate 5%	Over 5 yrs.	3.90	3.98	4.32	4.76	16/9	3.67	30/10
13	Inflation rate 10%	Up to 5 yrs.	1.76	1.77	3.33	4.23	16/9	1.50	13/11
14	Inflation rate 10%	Over 5 yrs.	3.72	3.72	4.15	4.56	16/9	3.49	30/10
15	Debs &	5 years	8.93	9.02	11.32	11.51	6/4	8.62	11/11
16	Loans	15 years	9.95	10.01	11.14	11.22	6/4	9.68	11/11
17		25 years	10.16	10.17	10.97	11.02	6/4	9.93	11/11

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

The FT- Actuaries All Share Index is calculated by the Finanical Times Limited in conjunction with the Institute of Actuaries. The FT-SE 100, FT-SE 250 and the FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by the The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. **CONSTITUENT CHANGES: ADDITIONS:** Leeds Group (35), Telemetrix (5); **DELETIONS:** Gardiner Group (41), HTV Group (30).

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*638)	600	48	63	69	8	17	30
	650	17	34	45	30	38	54
ASDA (*53)	50	7	10	12	4	6	9
	60	3½	6½	8½	10	13	16
Brit. Airways (*274)	260	24	33	39	8½	15	24
	280	13	23	29	17	25	34
SmKl Bchm A (*515)	500	32	43	57	11	21	28
	550	10	22	32	43	45	50
Boots (*524)	500	37	49	61	9	14	24
	550	12	24	34	33	39	48
B.P. (*228)	220	17	20	24	6	10	15
	240	6	11	15	16	21	26
British Steel (*57)	50	9	12	14½	2½	4½	6
	60	4	7	10	7	9	11
Bass (*601)	600	19	36	42	29	39	52
	650	5	17	25	74	77	85
C & Wire (*646)	600	58	74	88	7	14	26
	650	26	43	58	23	34	48
Courtaulds (*547)	500	55	66	77	7	15	24
	550	24	36	46	25	34	45
Com. Union (*588)	550	51	62	70	7	20	29
	600	20	33	43	28	45	53
Fisons (*221)	220	23	36	43	16	27	34
	240	14	27	35	30	38	47
GKN (*412)	390	32	40	44	7	18	24
	420	16	22	29	20	34	40
Grand Met. (*420)	420	16	28	40	22	29	35
	460	5	13	24	52	57	62
I.C.I. (*1037)	1000	65	80	103	20	32	62
	1050	37	53	76	42	80	90
Kingfisher (*580)	550	40	63	68	11	20	31
	600	15	33	41	35	43	56
Ladbroke (*183)	180	16	22	30	11	21	26
	200	7½	14	21	24	33	39
Land Secur (*416)	390	35	44	48	3½	6½	15
	420	2½	27	35	58	38	47
M & S (*333)	330	18	26	31	11	15	22
	360	6	13	18	28	34	38
Sainsbury (*534)	500	43	53	62	7	14	22
	550	14	25	35	31	38	45
Shell Trans. (*540)	500	48	51	60	2½	11	15
	550	14	19	30	20	35	37
Storehouse (*189)	180	16	19	25	8	12	16
	200	7	12	18	18	22	27
Trafalgar (*84)	80	7½	9	12	4½	6½	8
	90	3½	5½	8	9	12	14
Utd. Biscuits (*357)	330	33	39	42	4½	13	17
	360	13	21	28	15	27	32
Unilever (*1053)	1050	38	57	72	24	38	52
	1100	16	33	48	53	68	83

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*133)	130	25	29	32	13	22	26
	140	16	26	26	18	26	30
BAA (*794)	750	67	87	97	14	24	32
	800	36	56	66	37	44	57
BAT Inds (*962)	950	54	66	80	30	53	60
	1000	32	43	57	57	82	87
BTR (*515)	500	34	40	50	13	23	26
	550	10	18	28	43	52	55
Brit. Telecom (*411)	390	30	39	46	9	13	19
	420	13	23	30	24	28	33
Cadbury Sch (*458)	420	52	56	62	6½	14	17
	460	25	31	39	19	31	35
Eastern Elec (*403)	400	23	33	-	20	26	-
	430	11	-	-	40	-	-
Guinness (*525)	500	47	57	61	12	22	26
	550	20	30	40	36	47	51
GEC (*261)	260	13	20	23	4	6	10½
	280	5½	11	14	24	26	31
Hanson (*227)	220	14	17	19	6½	12	13
	240	5½	8½	12	20	22	25
LASMO (*164)	160	17	23	29	12	20	24
	180	10½	16	22	25	33	35
Lucas Inds (*133)	130	19	25	27	14	19	22
	140	15	21	22	19	25	28
P. & O. (*460)	460	32	45	51	28	48	56
	500	18	27	35	52	75	82
Pilkington (*78)	70	15	19	24	6	9½	11
	80	11½	15	18	12	14½	18
Prudential (*293)	280	25	29	32	7½	15	18
	300	14	18	22	17	25	28
R.T.Z. (*651)	650	34	47	59	28	47	54
	700	17	27	38	60	79	85
Scot. & New (*401)	390	26	35	40	17	22	28
	420	12	22	26	35	40	47
Tesco (*255)	240	25	31	34	7	12	14
	260	13	18	24	15	22	24
Thames Wtr (*483)	460	41	50	53	9	13	21
	500	17	28	32	25	32	42
Vodafone (*405)	390	34	44	54	16	24	32
	420	19	30	38	32	38	45

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*366)	360	15	27	31	6	20	24
	390	4	12	18	28	39	42
Amstrad (*28)	25	4	5½	6	1½	1½	2
	30	1	1½	2	3	3	3½
Barclays (*383)	360	30	42	45	4	21	24
	390	10	24	28	17	37	42
Blue Circle (*169)	160	15	29	33	4½	14	22
	180	6½	19	24	14	24	33
British Gas (*278)	260	23	29	31	2	6	10½
	280	6½	16	19	6½	13	20
Dixons (*266)	260	13	27	36	7	17	24
	280	5	19	26	16	28	34
Eurotunnel (*338)	330	30	52	62	6	22	29
	360	11	33	44	23	38	45
Glaxo (*823)	800	40	70	92	14	42	55
	850	13	45	68	40	67	77
Hillsdown (*118)	110	10	20	24	4	10	17
	120	5½	15	19	8	15	23
Lonrho (*75)	70	7½	11½	14	3½	9½	12
	80	3½	7½	9½	9½	16	18
HSBC 75p shs (*469)	460	26	53	59	15	35	46
	500	10	34	42	40	56	69
Nat Power (*280)	260	23	29	36	2	8½	10½
	280	8	18	25	7½	17	20
Reuters (*1352)	1350	14	91	127	35	77	95
	1400	18	69	100	68	105	122
R. Royce (*105)	100	9½	14½	15½	3	9½	12½
	110	4½	10	11	7½	15½	17½
Scot Power (*227)	220	10	14	20	3	8	10
	240	1½	6½	11	15	20	22
Sears (*96)	90	8	12	15	3½	6	9
	100	3	7½	10	7	12	14
Forte (*168)	160	14	23	26	4½	12	19
	180	4	14	17	15	22	32
Thorn EMI (*831)	800	40	60	78	7	26	33
	850	11	33	52	27	52	60
TSB (*145)	140	8	15	16	3	10	11
	160	2	5½	8	17	22	23
Vaal Reefs (*530)	30	3½	5	5	2½	5	5
	35	1½	3½	4	5½	8	8
Wellcome (*1036)	1000	53	97	120	14	42	58
	1050	24	68	93	35	65	83

EURO FT-SE INDEX (*2761)

	2625	2675	2725	2775	2825	2875	2925	2975
CALLS								
Dec	146	101	63	33	14	6	2	1½
Jan	-	-	-	-	52	35	-	-
Feb	200	-	125	-	82	-	45	-
Mar	219	-	149	-	93	-	52	-
Jun	253	-	188	-	134	-	91	-
Sep	282	-	217	-	164	-	117	-
PUTS								
Dec	3	10	20	39	-	-	-	-
Jan	25	34	43	-	-	-	-	-
Feb	40	-	68	-	120	-	180	-
Mar	53	-	81	-	123	-	182	-
Jun	72	-	100	-	145	-	198	-
Sep	85	-	115	-	158	-	204	-

FT-SE INDEX (*2761)

	2600	2650	2700	2750	2800	2850	2900	2950
CALLS								
Dec	173	127	83	47	21	8	4	3
Jan	197	157	118	87	60	40	26	15
Feb	219	181	148	115	87	67	48	34
Mar	235	197	162	133	108	85	67	50
Jun †	-	-	215	-	148	-	-	-
PUTS								
Dec	4	6	13	28	59	100	150	200
Jan	19	31	42	63	87	119	157	200
Feb	37	49	66	84	107	136	170	210
Mar	47	58	73	92	-	-	-	-
Jun †	-	-	100	-	142	-	-	-

December 4 Total Contracts 23,388
Calls 11,956 Puts 11,432
FT-SE Index Calls 3,961 Puts 7,623
Euro FT-SE Calls 205 Puts 390
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

FT FIXED INTEREST INDICES

	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Year ago	High *	Low *
Govt Secs (UK)	93.63	93.26	92.81	92.90	92.56	86.70	95.54	85.11
Fixed Interest	108.37	108.05	108.04	107.92	108.01	96.70	110.26	97.15

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Dec 3	128.3	140.6
Dec 2	131.3	141.6
Dec 1	158.5	146.6
Nov 30	155.0	151.9
Nov 27	129.8	149.2

* SE activity indices rebased 1974

TRADITIONAL OPTION 3-month call rates

	p		p		p		p		p
■ INDUSTRIALS		Cadburys	35	Hanson	17	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons.	44	ICI	86	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	■ OILS	
Astec (BSR)	3½	Courtaulds	38	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	8
BAT Inds	60	Eurotunnel	32	Lex Service	19	TI	26	BP	22
BOC	48	FKI	8	Lloyds Bank	34	TSB	11½	Burmah Castrol	58
BTR	35	FNFC	6	Lonrho	8	Tesco	17	Conroy Pet	6
Barclays	28	Forte	17	Lucas Inds	11	Thorn EMI	56	Gaelic Res	½
Blue Circle	19	GKN	33	Marks Spencer	25	T & N	15	Premier Cons	2½
Boots	31	Gen Accident	40	NatWest Bank	26	Unilever	75	Shell	42
Bowater	58	GEC	17	P & O Dfd	32	Vickers	9		
Brit Aerospace	30	Glaxo	15	Racal Elect	8	Wellcome	71	■ MINES	
British Steel	8	Grand Met	34	RHM	14	■ PROPERTY			
BT	25	GRE	15	Rank Org	42	Brit Land	15	RTZ	50

هكذا من الأصل

KIO Spanish arm calls in receivers

By Peter Bruce in Madrid

GRUPO TORRAS, the Spanish investment arm of the Kuwait Investment Office, filed for receivership in Madrid yesterday, bringing to an end a six-year investment spree in Spain which the KIO's newly installed management claims has left it with losses of $4bn.

Mr Mahmoud al-Nouri, who was appointed chairman of Torras in June, said the results of an investigation into the past management of the group were much worse than expected and had shattered the KIO's plans to revive Torras, "regrettably forcing us to change our strategy".

The receivership affects only Torras and not its surviving industrial affiliates.

Two partners in KPMG Peat Marwick, which audits some KIO funds and which led the investigation, were appointed special representatives at Torras.

A Madrid court will name receivers.

Mr al-Nouri would not say what Torras's liabilities were but confirmed that the KIO had outstanding credits worth between $1.5bn and $2.5bn with Torras, making it the group's biggest creditor.

A statement circulated at a press conference blamed the former management of the KIO and Torras for "mismanagement on a massive scale" and of "apparent misappropriation" of funds.

Mr John Fordham, a partner in Stephenson Harwood, the KIO legal advisers, claimed the office had lost $2bn in Spain in share dealing, $700m in share support schemes and $600m in short-term financing. He would not say how.

The $2bn share losses may simply be the difference between the price of shares Torras bought in industrial companies and their lower prices now.

Mr Jose Maria Stampa Braun, a trial lawyer contracted to design charges against the former Torras board, told the press conference he was still not sure who would be charged or what charges would be made.

Mr Javier de la Rosa, the Catalan financier who ran Torras for the KIO until last May and who the new management alleges is responsible for problems at Torras, said later that the KIO was running away from its responsibilities in Spain.

"I can prove that the only beneficiary [of the money spent in Spain] is the KIO itself."

The KIO's "auditors, advisers, the KIO and Kuwait itself will learn that the people involved in irregularities, illegalities and suspicious activities are themselves and not the old board of Torras", Mr de la Rosa said.

The Spanish government has strongly opposed receivership at Torras and there was still a measure of doubt yesterday as to whether a court will actually approve the receivership.

Some legal observers argue that since Torras is wholly-owned by the office it is a sovereign agency and as such is capable of meeting its financial obligations in Spain.

Rhône Poulenc share sale postponed

By Alice Rawsthorn

THE French government yesterday postponed its plans to sell a substantial minority stake in Rhône-Poulenc, France's flagship chemicals group, because of the erratic state of the stock market.

The postponment of the Rhône-Poulenc issue is a setback for France's partial privatisation programme which is scheduled to include similar sales of minority stakes in a number of state-controlled companies in both the financial and industrial sectors.

The government had planned to float at least 6m shares in Rhône-Poulenc, roughly 10.6 per cent of its equity, by the end of next month.

However, it has long stressed that it would only proceed with the sale provided that market conditions were correct.

The Paris stock market has fluctuated in recent weeks on concern about the threat of a devaluation of the French franc and the implications of France's opposition to the new farm trading deal between the European Community and the US.

Yesterday, the CAC 40 Index fell by nearly 1 per cent to 1,781.68 in a bout of profit-taking.

The index, which has performed poorly since reaching its 1992 peak in May, rose by 1.83 per cent last week. But Rhône-Poulenc's investment certificates have under-performed the market, falling for the past five successive days.

This fall has triggered intense speculation about the prospects for the Rhône-Poulenc sale, which would have been the first in which the government's holding in a state-controlled company would have fallen below 50 per cent.

The combination of the flotation and the accompanying enfranchisement of Rhône-Poulenc's non-voting shares would reduce the state's holding from 77.5 per cent to 45 per cent.

However, the finance ministry yesterday evening announced that the sale could not proceed in current conditions.

This time last year a similar slowdown in the stock market prompted the French government to delay the proposed flotation of a minority stake in Elf Aquitaine, the oil group. The Elf sale eventually went ahead in March, resulting in a successful, and over-subscribed, issue.

Eyebrows raised as Canal Plus bids to join film club

By Alice Rawsthorn in Paris

André Rousselet: 'We have stuck to businesses that we know'

SINCE its launch in 1984 Canal Plus, the French pay-TV station, has emerged as one of Europe's most dynamic media groups and one of the most successful players on the French corporate scene.

Canal Plus is pursuing a long-term strategy of diversifying to turn itself into a broadly-based entertainment group. It is approaching a critical period when it must prove that those investments have been worthwhile.

Mr André Rousselet, Canal Plus's septuagenarian chairman, a socialist of the same generation as President Mitterrand, with whom he plays regular games of golf, is sanguine about his company's prospects.

From his office at the top of Canal Plus's shiny white, state-of-the-art headquarters on the banks of the River Seine he says: "We have stuck to businesses that we know and that are compatible with our core interests. Within the next five years we should achieve our goal of making 50 per cent of our profits outside France."

Canal Plus depends on its original pay-TV station for all net profits – FFr1.08bn ($199m) on revenue of FFr6.99bn last year – and investment in new ventures.

The station shows no sign of faltering. It was launched eight years ago at a time when French TV was struggling to throw off the shackles of state control and still trapped in its traditional programming formula of games shows and dated Hollywood movies.

Canal Plus offered a different mix of new films and sport. "All we did was give the French audience what it wanted," says Mr Rousselet.

Canal Plus needed 1m subscribers to break even. It achieved that target in 1986 and has 3.5m subscribers with a reassuringly low churn, or cancellation, rate of just 5 per cent. But the scope for growth is limited. Mr Claude Ravilly, finance director, reckons that its subscriber base should continue to grow by 7.5 per cent a year for the next five years, when it will have reached its optimum 5m homes.

It is this prospect that has prompted Canal Plus to diversify. The hitch is that, so far, its new businesses have not proved as successful as the original pay-TV service.

Mr Rousselet insists it is too soon to judge the success of Canal Plus's diversification. The new pay-TV channels, he says, are making progress. All are still in the red. But Spain, after a slow start, has 550,000 subscribers and should attract the 600,000 it needs to break even by the end of this year. Belgium is on course for break even in early 1993. Germany, which has 460,000 subscribers against the 1.2m needed for break-even, will be "more difficult because of the level of competition".

Canal Plus has had a rocky ride in film finance. It has had some successes, such as the Oliver Stone film JFK. But 1992 has been an erratic year and Mr Rousselet is resigned to waiting until 1994 for the real benefits to emerge. "It will work out. Not everyone gets burnt in the film business."

It is Canal Plus's investment in satellite television that has given analysts most cause for concern. The recent agreement with Mr Rupert Murdoch's News Corporation to co-operate on technology – which involves constructive consultation, as Mr Rousselet delicately puts it, between the two companies on their expansion plans – should at least allay the risk of a hardware war.

However, some analysts suspect Canal Plus could lose up to FFr400m on satellite over the next four years. The satellite losses have prompted Ms Rebecca Winnington-Ingram, European media analyst at Morgan Stanley in London, to trim her forecasts for Canal Plus to static profits in 1992 and a slight fall in 1993.

She sees Canal Plus as "fundamentally a very good business, with a question mark over diversification". Mr Rousselet now faces the challenge of erasing that question mark.

Philips to sell 12.5% of property space

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, aims to sell more than 12.5 per cent of its buildings and office space in the next three years under a new asset management programme.

Mr Willem de Kleuver, chairman of the components division, told an in-house magazine that 25 per cent of Philips's office and building space was surplus to its needs and that the company expected to sell more than half of this amount over the next three years.

In July, Philips said it planned to reduce working capital by cutting the amount of money tied up in inventories and receivables and that it would be pruning the size of its property portfolio.

Both moves would raise "several billions of guilders". Philips's fixed assets of land and buildings total some Fl 6bn ($3.33bn).

Mr de Kleuver, identified in the article as the head of Philips's property task force, said proceeds raised from the sale of property must be put back into the business and not be diverted in large quantities to pay for moving staff or amalgamating offices.

He said Philips aimed to achieve both real estate reduction – the sale of office buildings – and real estate management, which he described as making efficient use of property in terms of costs and effectiveness.

"Our core business is the development, production and marketing of electronic products. That's where we should be putting our money, not in concrete and cement," he said.

Banque Worms chairman quits

By Alice Rawsthorn

MR Jean-Michel Bloch-Lainé yesterday resigned as chairman of Banque Worms, the Paris-based bank, only three days after Union des Assurances de Paris (UAP), its parent company, announced an emergency FFr1.4bn ($258m) recapitalisation plan triggered by the bank's property losses.

The news of Mr Bloch-Lainé's departure comes at a critical time for Banque Worms, which is struggling to recover from heavy losses on property interests. The timing is equally sensitive for UAP, France's largest insurance company, embroiled in a bitter battle against the Suez industrial group over plans to expand into Germany.

Banque Worms, like other French financial institutions, has been badly affected by the economic slowdown on the value of its property portfolio, particularly in the Paris area.

The bank lost FFr350m in the first half of 1992 when its poor performance was one of the main reasons for the fall in UAP's interim profits from FFr2.34bn in the first six months of 1991 to FFr948m in the same period this year.

However, Banque Worms' second-half losses are expected to be even higher. Mr Michael Huttner, European insurance analyst at Banque Nationale de Paris, forecast overall losses of about FFr1bn for Banque Worms in 1992 with a fall in full-year net profits for UAP to FFr1.4bn this year from FFr3.77bn in 1991.

UAP earlier this autumn announced that it would have to recapitalise Banque Worms, but the final figure of FFr1.4bn was far higher than the FFr1bn originally expected.

Mr Bloch-Lainé is the second Banque Worms executive to have left recently. Mr Didier Renaudin resigned as managing director a few months ago.

Porsche cuts preference payout

By David Waller in Frankfurt

PORSCHE, the loss-making German sports-car manufacturer, is to pay a DM2.50 per share dividend on its preference shares, down from DM10 in the previous year.

The group is not making any payment on its ordinary shares, owned exclusively by the Porsche and Piëch families and on which the dividend was DM9 in 1990-91.

The founding families own what is reported to be 40 per cent of the preference shares. The rest are owned by the general public and institutional investors. There had been fears that the payout would have been missed because of the company's worsening business difficulties.

To counter the business problems, the company has plans to cut 1,850 jobs in the course of this year, almost a quarter of the workforce.

As it is unusual to put the interests of shareholders ahead of those of the workforce, it was thought possible that the company would reduce the dividend at a time when the workforce has been cut back.

However, another factor is that if the dividend on the non-voting preference share is missed for two years in a row, the preference shares convert into ordinary voting shares.

Gemex launches big stock issue

GRUPO Embotellador de Mexico (Gemex), the biggest bottler of PepsiCo beverages in terms of volume outside the US, is to offer 1.6m shares in a primary offering in Mexico and 2.4m shares in a secondary placement, Reuter reports from Mexico City.

The group also plans to issue 1.6m American depositary shares, equivalent to 3.2m shares, and 2.4m global depositary shares, equivalent to 4.8m shares, in international markets. It is estimated that Gemex will raise around 190bn pesos ($61.3m) through the offering.

According to the prospectus, Gemex will apply the proceeds of the offering to either expansion and capital investment or to debt reduction.

The prospectus suggested that Gemex might extend the franchises it already holds or enter into joint deals with PepsiCo, although the company stressed there was no guarantee such deals would be struck with the US soft drinks group.

Hudson's Bay improves 47%

By Robert Gibbens in Montreal

HUDSON'S BAY, Canada's largest retail group, has reported a 47 per cent gain in earnings for the third quarter ended October 31. It was helped by a strong performance from its Zellers discount store chain.

Net profit was C$21.7m (US$16.9m) or 44 cents a share, up from C$14.8m or 29 cents a year earlier.

Zellers posted a sales gain of 8 per cent, bringing the Bay's total revenues to C$1.26bn against C$1.22bn.

Nine-month profit was C$24.5m or 49 cents a share against C$12.3m or 18 cents on sales of C$3.43bn against C$3.44bn.

Hudson's Bay is 25 per cent owned by the Kenneth Thomson family.

Mr Rolph Huband, vice-president, said Zellers continued to gain market share steadily, while heavy cost cutting improved performance at the department store chains. The Bay closed down three distribution centres earlier this year.

● A committee representing C$525m of Bramalea senior debentures has agreed to the property group's plan to restructure its C$4.8bn debt. They will exchange 30 per cent of their debt for new convertible notes and the rest for equity.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$335.45	+0.4	$368.15	$358.40	$334.05
Silver Per troy oz	239.05p	-10.45	225.32p	249.50p	187.58p
Aluminium 99.7% (cash)	$1178.5	-19	$1082.5	$1339.0	$1105.5
Copper Grade A (cash)	£1401.0	-49.5	£1227.5	£1450.50	£1125.0
Lead(cash)	£294.5	-14.5	£297.0	£383.5	£278.50
Nickel (cash)	$5630	-380	$7100.0	$8195.0	$5315
Zinc SHG (cash)	$1072.5	-54	$1209.0	$1457.5	$1019.0
Tin (cash)	$5785	+70	$5485.0	$7115.0	$5425.0
Cocoa Futures (Mar)	£721	-16	£774	£751	£523
Coffee Futures (Jan)	$1000	+34	£558	$1013	$876
Sugar (LDP Raw)	$220.6	+1.2	$236.4	$272.6	$193
Barley Futures (Jan)	£130.75	-7.35	£122.05	£138.10	£106.90
Wheat Futures (Jan)	£132.00	-6.60	£127.70	£138.60	£109.85
Cotton Outlook A Index	54.10c	+1.0	61.55c	65.90c	52.25c
Wool (64s Super)	420p	-7	415p	480p	364p
Oil (Brent Blend)	$18.25x	-0.725	$19.175	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Jan.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.00-6.05	-0.05
Brent Blend (dated)	$18.25-8.35	+.125
Brent Blend (Jan)	$18.20-8.30	+.125
W.T.I (1 pm est)	$19.15-9.25	+0.05
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$195-197	
Gas Oil ♦	$175-176	+1
Heavy Fuel Oil	$76-78	
Naphtha	$173-175	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$335.45	
Silver (per troy oz)♣	376.50c	
Platinum (per troy oz)	$365.0	+1.5
Palladium (per troy oz)	$103.0	+2.15
Copper (US Producer)	101.0c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.24r	-29
Tin (New York)	268.5c	-1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	112.82p	+0.12*
Sheep (live weight)†♣	81.29p	+4.93*
Pigs (live weight)†	83.26p	-3.81*
London daily sugar (raw)	$220.6w	+1.2
London daily sugar (white)	250.5w	-2
Tate and Lyle export price	£248.5	-1
Barley (English feed)	£138.0z	
Maize (US No. 3 yellow)	£155.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	82.50p	-0.25
Rubber (Feb)♥	82.75p	-0.25
Rubber (KL RSS No 1 Jan)	224.5m	+0.5
Coconut oil (Philippines)§	$475.0y	
Palm Oil (Malaysian)§	$402.5z	
Copra (Philippines)§	$320	+2.5
Soyabeans (US)	£168.5u	-2
Cotton "A" index	54.10c	+0.3
Wooltops (64s Super)	420p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jan/Feb u-Jan. w-Dec/Jan. z-Jan/Mar. †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices. ♦ Gas Oil Price for 3/12/1992 174-175 down 2

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	192.00	192.00	190.80	
May	195.00		194.00	
White	Close	Previous	High/Low	
Mar	252.00	254.00	254.30	251.00
May	254.50	257.30	257.30	253.50
Aug	260.50	263.30	263.30	258.50
Oct	248.30	251.00	248.00	

Turnover: Raw 18(0) lots of 50 tonnes. White 808 (295) Paris- White (FFr per tonne): Mar 1386.77 May 1415.89

CRUDE OIL – IPE	Latest	Previous	High/Low ($/barrel)	
Jan	18.20	18.08	18.34	18.15
Feb	18.16	18.10	18.33	18.16
Mar	18.18	18.11	18.30	18.15
Apr	18.14	18.10	18.24	18.14
May	18.25	18.13	18.25	18.19
Jun	18.19	18.12	18.20	18.15
Jul	18.20	18.11	18.20	18.19
Aug	18.17		18.17	
IPE Index	18.20	18.38		

Turnover 27869 (41667)

GAS OIL – IPE	Close	Previous	High/Low ($/tonne)	
Dec	170.25	169.50	171.75	170.00
Jan	171.75	171.25	173.75	171.00
Feb	173.00	172.75	174.00	172.75
Mar	171.75	171.25	172.75	171.50
Apr	169.50	169.00	170.50	169.50
May	168.50	167.75	169.50	168.00
Jun	167.50	166.75	168.50	167.50
Jul	169.50	168.75	170.00	168.75

Turnover 14515 (20403) lots of 100 tonnes

SPICES
The weaker price trend in pepper which started to develop slowly during last month accelerated during the past fortnight, reports Man Producten. More selling pressure became noticeable in countries like Malaysia and Brazil. On the other hand most consuming markets reported a rather slow offtake, with traders adopting a "wait and see" attitude. Muntok white was available at US$1,500 a tonne on the spot market and at $1,450 a tonne, cif, for prompt shipment. Spot black pepper was quoted at $1,250 a tonne and prompt shipment suplies were on offer at $1,175 a tonne, cif.

COCOA – London FOX	Close	Previous	High/Low (£/tonne)	
Dec	695	698	693	690
Mar	721	727	722	716
May	737	744	738	732
Jul	751	758	753	749
Sep	767	774	768	764
Dec	790	796	788	783
Mar	811	817	812	807
May	830	833	826	823
Sep	857	862	855	854

Turnover: 2376 (2993) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec 3 769.60 (791.47) 10 day average for Dec 4 781.05 (781.65)

COFFEE – London FOX	Close	Previous	High/Low ($/tonne)	
Jan	1000	990	1001	988
Mar	1010	1005	1014	997
May	996	988	1000	987
Jul	1000	989	998	992
Sep	1005	999	997	
Nov	1020		1010	

Turnover:4694 (3063) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.3: Comp. daily 62.18 (61 53) 15 day average - 59.08 (58.57)

POTATOES – London FOX	Close	Previous	High/Low (£/tonne)	
Apr	63.0	64.5	64.5	62.6
May	68.5	70.0	70.0	68.5

Turnover 82 (48) lots of 20 tonnes.

SOYAMEAL – London FOX	Close	Previous	High/Low (£/tonne)
Dec	147.50	150.00	147.50

Turnover 400 (0) lots of 20 tonnes.

FREIGHT – London FOX	Close	Previous	High/Low ($10/index point)	
Dec	1320	1315	1320	1312
Jan	1289	1291	1289	
BFI	1337	1332	1337	

Turnover 22 (192)

GRAINS – London FOX	Close	Previous	High/Low (£/tonne)	
Wheat	Close	Previous	High/Low	
Jan	132.00	132.75	132.00	131.05
Mar	133.90	135.05	134.00	132.50
May	136.00	137.10	136.00	135.35
Jun	137.00		137.00	
Nov	108.45	109.60	108.50	108.45
Jan	111.75		112.00	111.75
Barley	Close	Previous	High/Low	
Jan	130.75	132.20	130.75	130.00
Mar	132.60	134.20	132.65	132.00
May	134.25	136.00	134.75	134.25

Turnover: Wheat 545 (798). Barley 170 (95). Turnover lots of 100 Tonnes.

PIGS – London FOX	Close	Previous	High/Low (Cash Settlement) p/kg
Mar	104.0	104.0	104.0
Apr	104.5	104.3	104.3
May	105.0	105.3	105.0

Turnover 9 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 30,864 lots	
Cash	1178-79	1183.5-84.5	1179	1178.5-79		
3 months	1201-02	1206-07	1205/1200	1202-02.5	1203-04	181,914 lots
Copper, Grade A (£ per tonne)					Total daily turnover 27,490 lots	
Cash	1400.5-1.5	1386.5-87.5	1388	1387.5-88		
3 months	1423.5-24	1410.5-11	1424/1406	1410-11	1423-24	153,949 lots
Lead (£ per tonne)					Total daily turnover 2,572 lots	
Cash	294-95	293.5-94.5	293/292	293-93.5		
3 months	305-5.5	304.5-05	306/303	303-03.5	305-06	27,515 lots
Nickel ($ per tonne)					Total daily turnover 9,259 lots	
Cash	5625-35	5570-75	5550/5545	5545-50		
3 months	5700-10	5645-50	5730/5590	5640-45	5685/70	41,423 lots
Tin ($ per tonne)					Total daily turnover 2,162 lots	
Cash	5780-90	5835-45	5770	5765-70		
3 months	5835-40	5880-900	5840/5790	5820-25	5830-35	10,121 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 11,012 lots	
Cash	1072-73	1062.5-63.5	1068	1068-69		
3 months	1088.5-89.5	1080.5-81.5	1093/1077	1085-85.5	1086-87	74,582 lots

LME Closing £/$ rate: SPOT: 1.5570 3 months: 1.5452 6 months: 1.5340 9 months: 1.5270

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	335.30-335.60	
Opening	335.65-335.95	
Morning fix	335.90	212.662
Afternoon fix	335.60	215.069
Day's high	336.00-336.30	
Day's low	335.10-335.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.85	6 months	2.23
2 months	1.85	12 months	2.59
3 months	1.81		

Silver fix	p/troy oz	US cts equiv
Spot	239.05	376.25
3 months	243.10	379.65
6 months	246.95	383.20
12 months	254.35	391.15

GOLD COINS	$ price	£ equivalent
Krugerrand	335.00-338.00	213.00-214.00
Maple leaf	345.65-347.90	-
New Sovereign	79.50-82.50	50.00-52.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1150	48	69	7	14
1175	31	52	15	22
1200	18	38	27	33
Copper (Grade A)	Calls		Puts	
2100	98	118	3	12
2150	57	80	11	24
2200	27	52	31	45
Coffee	Jan	Mar	Jan	Mar
950	54	81	4	21
1000	21	51	21	41
1050	6	31	56	71
Cocoa	Mar	May	Mar	May
650	80	102	9	16
675	62	84	16	23
700	46	68	25	32
Brent Crude	Jan	Feb	Jan	Feb
1800	32	58	10	34
1850	8	35	32	55
1900	3	18	75	92

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Dec	335.7	335.5	336.0	335.3
Jan	336.2	336.0	0	0
Feb	336.8	336.4	337.0	336.2
Apr	337.8	337.6	338.1	337.5
Jun	339.4	339.2	339.8	339.3
Aug	341.0	341.0	341.1	341.0
Oct	342.9	342.9	0	0
Dec	344.8	344.8	0	0
Feb	347.1	347.1	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	366.4	364.7	368.0	364.7
Apr	364.7	363.0	366.0	363.8
Jul	363.9	362.2	366.0	363.0
Oct	365.9	364.2	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Dec	374.5	374.5	375.5	373.5
Jan	375.4	375.4	0	0
Feb	377.3	377.3	0	0
Mar	378.3	378.3	379.5	377.0
May	381.1	381.2	382.5	381.0
Jul	383.8	383.9	385.5	383.0
Sep	386.7	386.8	0	0
Dec	391.3	391.4	392.0	391.0
Jan	392.6	392.7	0	0
Mar	395.6	395.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	96.90	96.45	97.55	96.75
Jan	97.30	96.90	97.50	97.50
Feb	97.75	97.35	0	0
Mar	98.15	97.75	98.90	97.90
Apr	98.55	98.10	0	0
May	98.85	98.60	99.60	99.00
Jun	99.20	98.90	0	0
Jul	99.55	99.30	100.15	99.50
Aug	99.85	99.60	0	0
Sep	100.15	99.95	100.75	100.75

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jan	19.12	19.08	19.38	19.05
Feb	19.22	19.15	19.42	19.17
Mar	19.27	19.23	19.45	19.24
Apr	19.36	19.30	19.52	19.35
May	19.40	19.34	19.52	19.39
Jun	19.44	19.36	19.55	19.44
Jul	19.46	19.38	19.56	19.46
Aug	19.44	19.40	19.58	19.44
Sep	19.55	19.42	19.59	19.59
Oct	19.60	19.44	19.62	19.61

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	54.60	54.30	55.40	54.50
Feb	55.30	55.11	55.95	55.20
Mar	55.00	54.90	55.60	55.00
Apr	54.20	54.08	54.70	54.20
May	53.30	53.24	53.75	53.55
Jun	53.10	52.94	53.40	53.10
Jul	53.55	53.34	53.80	53.55
Aug	54.35	53.94	54.40	54.35
Sep	55.40	55.09	55.50	55.50
Oct	56.50	56.04	56.65	56.50

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	975	985	978	975
Mar	1016	1022	1022	1012
May	1042	1049	1046	1040
Jul	1065	1071	1071	1063
Sep	1086	1093	1088	1088
Dec	1124	1130	0	0
Mar	1160	1166	1162	1158
May	1179	1186	0	0
Jul	1202	1208	0	0
Sep	1226	1232	1221	1220

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	75.65	75.50	76.10	74.60
Mar	76.10	76.50	77.70	75.45
May	79.35	79.70	80.25	78.95
Jul	80.40	81.30	81.60	80.40
Sep	82.25	82.50	83.20	82.20
Dec	84.05	84.70	84.80	84.40
Mar	86.00	86.00	86.00	86.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.37	8.54	8.55	8.32
May	8.55	8.68	8.68	8.51
Jul	8.63	8.76	8.75	8.61
Oct	8.65	8.78	8.77	8.66
Mar	8.75	8.87	0	0
May	8.85	8.98	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Dec	59.50	59.10	59.70	59.40
Mar	58.87	58.63	59.50	58.70
May	59.92	59.60	60.80	59.75
Jul	60.60	60.45	61.70	60.70
Oct	60.60	60.30	61.50	60.60
Dec	59.85	60.09	60.70	59.80
Mar	60.95	60.78	61.40	60.78
May	61.35	61.15	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	99.70	98.55	100.60	98.60
Mar	102.20	101.45	103.40	101.55
May	103.25	102.00	103.25	102.50
Jul	102.10	101.10	102.60	102.30
Sep	101.75	102.50	102.30	102.30
Nov	101.50	102.50	102.50	102.30
Jan	101.00	98.60	0	0
Mar	101.00	98.60	0	0
May	101.00	98.60	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Dec.4	Dec.3	mnth ago	yr ago
1671.8	1672.3	1645.6	1621.2

DOW JONES (Base: Dec. 31 1974 = 100)	Dec.3	Dec.2	mnth ago	yr ago
Spot	120.77	120.86	114.65	114.50
Futures	120.07	119.92	116.83	121.15

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	561/0	563/2	564/0	559/6
Mar	565/2	567/2	567/6	564/0
May	570/2	572/4	572/6	569/0
Jul	575/6	577/6	578/0	574/0
Aug	578/2	578/6	579/0	577/0
Sep	577/2	578/0	578/0	578/0
Nov	582/2	583/6	584/4	581/4
Jan	589/4	591/6	0	0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	20.49	20.30	20.50	20.12
Jan	20.68	20.42	20.65	20.24
Mar	20.83	20.63	20.85	20.46
May	20.94	20.73	20.94	20.62
Jul	21.04	20.82	21.05	20.70
Aug	21.05	20.81	21.05	20.75
Sep	21.00	20.83	21.00	20.80
Oct	20.95	20.63	20.95	20.82

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	179.6	180.2	181.1	179.0
Jan	179.6	180.8	181.5	179.2
Mar	179.9	181.2	181.8	179.8
May	180.8	182.2	182.8	180.8
Jul	183.0	184.4	184.7	182.9
Aug	183.8	185.7	185.3	183.8
Sep	184.8	186.1	186.4	184.8
Oct	186.3	186.5	186.5	186.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	210/6	211/6	212/0	210/4
Mar	219/6	220/6	220/6	219/4
May	227/2	228/2	228/0	227/0
Jul	232/2	233/4	233/6	232/0
Sep	236/6	237/6	237/6	236/4
Dec	241/6	243/0	243/0	241/4
Mar	248/4	250/0	249/2	248/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	372/0	376/4	376/6	371/0
Mar	360/4	365/2	365/6	359/4
May	345/4	350/0	350/0	345/2
Jul	323/4	326/2	326/2	323/0
Sep	329/2	331/4	332/0	329/0
Dec	339/4	342/0	340/2	339/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	76.250	76.600	76.550	76.050
Feb	73.700	74.100	74.150	73.525
Apr	73.975	74.275	74.250	73.875
Jun	70.725	71.050	71.050	70.600
Aug	69.125	69.450	69.375	69.125
Oct	69.600	69.900	69.900	69.550
Dec	69.950	70.050	69.950	69.950

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	44.225	44.075	44.300	44.050
Feb	43.025	42.850	43.200	42.850
Apr	41.000	40.900	41.175	40.900
Jun	45.350	45.200	45.600	45.325
Jul	45.100	45.050	45.300	45.100
Aug	44.075	43.900	44.100	44.000
Oct	40.750	40.700	40.825	40.625
Dec	42.650	42.800	42.850	42.750

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	38.400	38.250	38.950	38.250
Mar	38.625	38.450	38.925	38.400
May	39.675	39.650	40.175	39.625
Jul	40.475	40.425	40.750	40.200
Aug	39.125	39.100	39.250	39.100

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FOREIGN EXCHANGES

Dollar surges in late trade

THE dollar surged in London late yesterday after initially showing great restraint in the face of better than expected unemployment figures, *writes Peggy Hollinger.*

The US currency – which has been remarkably *blasé* all week, in spite of a string of encouraging statistics – made little effort to react to news that non-farm payrolls rose by 105,000 in November, far greater than economists' forecasts of 55,000. Although the currency was marked up slightly, little actual trading appeared to have been done after the announcement.

Traders said the dollar had been partially dragged down by the discovery that the figures included 45,000 temporary workers roped in for the presidential election campaigns.

Within an hour, however, dealers had digested the details showing a drop in the unemployment rate from 7.4 per cent to 7.2 per cent, and a rise in manufacturing output, hourly wages and the working week.

The dollar then managed to break decisively through the DM1.58 barrier, to close at DM1.5970, against DM1.5805 on Thursday.

The US currency also climbed against the Swiss franc, from SFr1.4135 to SFr1.4317, helped in part by market caution over Sunday's referendum in Switzerland.

The dollar's gains against the D-Mark were also put down to growing pessimism over the German economy.

The sharper than expected 5.1 per cent decline in industrial orders during October, against a forecast drop of just 0.4 per cent, offered solace to most of the D-Mark's fellow European currencies.

The French franc was steady against the D-Mark, closing at FFr3.39, almost the same levels it held at the start of the week. French Finance Minister Michel Sapin and German Finance Minster Theo Waigel reiterated their support for the parity between the two currencies within the exchange rate mechanism, further bolstering the franc.

Sterling continued its strong showing with a sharp jump in the early hours of the morning to DM2.4966 from Thursday's close of DM2.4750.

Dealers and economists suggested a variety of reasons for the rise. Some speculated that UK institutions, underweight in sterling, were repositioning ahead of the year-end. Other analysts said that US institutions had been buying sterling for the same reasons.

The rumour which fuelled the market for most of the day – that Hong Kong investors were shifting into sterling – was dismissed by a Far East currency analyst.

Sterling finished the week in London almost 8 pfennigs higher at DM2.4875.

£ IN NEW YORK

Dec. 4	Latest	Previous Close
£ Spot	1.5580-1.5590	1.5635-1.5645
1 month	0.44-0.41pm	0.42-0.40pm
3 months	1.27-1.24pm	1.26-1.24pm
12 months	3.70-3.60pm	3.62-3.54pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec 4	Previous
8.30 am	81.0	79.6
9.00 am	81.3	79.6
10.00 am	81.2	79.7
11.00 am	81.2	80.0
Noon	81.1	80.2
1.00 pm	80.9	80.4
2.00 pm	80.9	80.6
3.00 pm	80.7	80.5
4.00 pm	80.7	80.5

CURRENCY RATES

Dec 4	Bank ▲ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.891471	0.790671
U.S. Dollar	3.00	1.38909	1.24452
Canadian $	6.18	1.77373	1.58676
Austrian Sch	8.25	N/A	13.8266
Belgian Franc	7.75	45.1628	40.4530
Danish Krone	9.50	8.51929	7.62826
D-Mark	8.25	2.19629	1.96509
Dutch Guilder	7.75	2.47216	2.20877
French Franc	10	7.47956	6.67683
Italian Lira	13.00	1940.54	1727.43
Japanese Yen	3.25	173.011	154.942
Norway Krone	–	8.97838	8.03709
Spanish Peseta	–	158.942	141.572
Swedish Krona	12.50	N/A	8.49036
Swiss Franc	6.00	1.95584	1.75788
Greek Drach	19	N/A	258.050
Irish Punt	–	N/A	0.744373

▲ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Dec.3

CURRENCY MOVEMENTS

Dec 4	Bank of England Index	Morgan** Guaranty Changes %
[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Dec 4	£	$
[illegible]	[illegible]	[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5575	1.5533	1.5452	1.5352	1.5218
D-mark	2.4875	2.4836	2.4761	2.4671	2.4588
French Fr.	8.4450	8.2070	7.7250	7.1190	6.4645
Swiss Fr	2.2325	2.2310	2.2206	2.2241	2.2115
Yen	194.50	193.90	192.85	191.40	188.65

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 4	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	175.091	-3.90	5.64	59
Spanish Peseta	143.386	141.572	-1.27	2.82	19
Dutch Guilder	2.21958	2.20877	-0.49	2.02	31
Belgian Franc	40.6304	40.4530	-0.44	1.96	29
D-Mark	1.96992	1.96509	-0.25	1.77	27
French Franc	6.60683	6.67683	1.06	0.45	-56
Irish Punt	0.735334	0.744373	1.23	0.29	-50
Danish Krone	7.51410	7.62826	1.52	0.00	-99

Ecu central rates set by the European Commission. Currencies are in descending relative strength. [illegible]

POUND SPOT - FORWARD AGAINST THE POUND

Dec 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Dec 4	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	9¼ - 8¾	8¾ - 8¼	8½ - 8¼	8 - 7¾	7¾ - 7¼	7¾ - 7¼
Dutch Guilder	8¾ - 8¼	8[illegible] - 8[illegible]	9 - 8¾	8[illegible] - 8[illegible]	8½ - 8¼	7[illegible] - 7[illegible]
Swiss Franc	5½ - 5¼	5¾ - 5½	6[illegible] - 6[illegible]	6¼ - 6¼	6 - 5¾	5¾ - 5½
D-Mark	8¾ - 8¼	8¾ - 8¼	9¼ - 9	8[illegible] - 8[illegible]	8½ - 8¼	7¾ - 7¼
French Franc	9¾ - 9¼	10 - 9¾	10¼ - 10	10¼ - 10	9¾ - 9¾	9¼ - 9
Italian Lira	13½ - 11½	14 - 13½	14¾ - 14¼	14½ - 14	14¼ - 13¾	14 - 13½
Belgian Franc	8[illegible] - 8[illegible]	8[illegible] - 8[illegible]	9¼ - 8[illegible]	8[illegible] - 8[illegible]	8¼ - 8½	8 - 7¾
Yen	3[illegible] - 3[illegible]	3[illegible] - 3¾	3[illegible] - 3[illegible]	3¼ - 3¼	3[illegible] - 3¾	3[illegible] - 3¾
Danish Krone	20 - 15	20 - 15	19½ - 14½	13¾ - 11½	11¼ - 10¾	10¾ - 9¾
Asian $Sing	½ - ¼	1 - ¾	1¾ - 1¼	2¾ - 2¼	2¾ - 2½	2[illegible] - 2[illegible]
Spanish Peseta	16½ - 16	15¼ - 15¼	16¼ - 15½	15½ - 15	15 - 14½	14 - 13
Portuguese Esc	21 - 16	30 - 24	25 - 19½	22 - 17½	19 - 16	17¾ - 15½

Long term Eurodollars: two years 5¼-5¼ per cent; three years 5¾-5½ per cent; four years 6[illegible]-6[illegible] per cent; five years 6[illegible]-6[illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.4	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.557	2.487	194.5	8.445	2.232	2.792	2180	1.992	51.10	178.3	1.263
$	0.642	1	1.597	124.9	5.424	1.434	1.793	1400	1.279	32.82	114.5	0.811
DM	0.402	0.626	1	78.21	3.396	0.897	1.123	877.0	0.801	20.55	71.69	0.508
YEN	5.141	8.005	12.79	1000.	43.42	11.48	14.35	11213	10.24	262.7	916.7	6.494
F Fr.	1.184	1.844	2.945	230.3	10.	2.643	3.306	2583	2.359	60.51	211.1	1.496
S Fr.	0.448	0.698	1.114	87.14	3.784	1	1.251	977.2	0.892	22.89	79.88	0.566
N Fl.	0.358	0.558	0.891	69.66	3.025	0.799	1	781.2	0.713	18.30	63.86	0.452
Lira	0.459	0.714	1.140	89.18	3.872	1.023	1.280	1000.	0.913	23.43	81.75	0.579
C$	0.502	0.782	1.248	97.64	4.239	1.120	1.402	1095	1	25.65	89.51	0.634
B Fr.	1.957	3.047	4.867	380.6	16.53	4.368	5.464	4268	3.898	100.	348.9	2.472
Pta	0.561	0.873	1.395	109.1	4.736	1.252	1.566	1223	1.117	28.66	100.	0.708
Ecu	0.792	1.233	1.969	154.0	6.686	1.767	2.211	1727	1.577	40.46	141.2	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Futures edge down

After a turbulent start to the week, the money markets coasted through yesterday with an unusual degree of calm, *writes Peggy Hollinger.*

The strong jump in the pound early in the day helped briefly to lift short sterling futures. However, by the end of the day the March contract had settled back to close six points down at 93.50. December short sterling finished flat at 92.83.

The futures market seemed to ignore the strength of the sterling on the trade-weighted index yesterday, which hit its highest level in almost two months at 81.3. The index closed easier at 80.7.

Dealers and economists suggested this was because the market had begun to discern a tinge of recovery in the UK economy, making it less likely that the government would move to cut base rates before the new year.

"People have gone from the idea of expecting a 6.5 per cent rate before Christmas to consolidating around the 7 per cent base rate level," said Dr Mark Austin, an economist with Hongkong and Shanghai Bank. Some traders also suggested there had been an element of profit-taking in the futures markets, which helped to depress rates.

Overall trading had been largely technical, however, with dealers' thoughts more on the forthcoming weekend and Christmas holidays.

Their reveries were briefly disturbed in the afternoon, when the Bank of England substantially revised its initial forecast shortage from £550m to a flat balance.

The original squeeze had been calculated on the basis of a £383m drain from treasury bills and maturing assistance, and a £755m rise in note circulation. This was expected to have been partially offset by a £595m injection from exchequer transactions.

It is most probable that the exchequer miscalculated the amount of receipts, thus forcing the Bank to make the larger than usual revision.

The revision left overnight rates very soft, at one point hitting 3 per cent. However, by the end of the day, they had recovered to hover at the 6.5 per cent level.

In Germany, call rates finished unchanged at 8.85 per cent. Dealers were not expecting a rate cut at the Bundesbank meeting on Thursday.

UK clearing bank base lending rate 7 per cent from November 13, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.4) 3 months US dollars		6 months US Dollars	
bid 3[illegible]	offer 3[illegible]	bid 3[illegible]	offer 3[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime — Treasury Bills and Bonds

Dec 4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Dec 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month [illegible] per cent; three months [illegible] per cent; Bank Bills (sell); one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills; Average tender rate of discount [illegible] ... November 30 ... 8.71 p.c. ... 1992, Scheme ... seven days' fixed ... sums at seven ... over held under ... cent; six-nine months ... from Oct 20, 1992. [illegible]

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
97	[illegible]	[illegible]	[illegible]	[illegible]
98	[illegible]	[illegible]	[illegible]	[illegible]
99	[illegible]	[illegible]	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]
101	[illegible]	[illegible]	[illegible]	[illegible]
102	[illegible]	[illegible]	[illegible]	[illegible]
103	[illegible]	[illegible]	[illegible]	[illegible]
104	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100%

Strike Price	Calls		Puts	
9050	[illegible]	[illegible]	[illegible]	[illegible]
9075	[illegible]	[illegible]	[illegible]	[illegible]
9100	[illegible]	[illegible]	[illegible]	[illegible]
9125	[illegible]	[illegible]	[illegible]	[illegible]
9150	[illegible]	[illegible]	[illegible]	[illegible]
9175	[illegible]	[illegible]	[illegible]	[illegible]
9200	[illegible]	[illegible]	[illegible]	[illegible]
9225	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EURO SWISS FRANC OPTIONS SFR 1m points of 100%

Strike Price	Calls		Puts	
9350	[illegible]	[illegible]	[illegible]	[illegible]
9375	[illegible]	[illegible]	[illegible]	[illegible]
9400	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls January	Calls March	Calls June	Puts January	Puts March	Puts June
109	-	-	-	0.08	0.45	-
110	1.27	1.77	-	0.21	0.73	-
111	0.63	1.16	-	0.66	1.12	1.38
112	0.24	0.70	1.36	-	-	-
113	0.09	0.41	-	-	-	-
Open Int.	16,760	181,563	22,520	8,885	145,508	15,020

Estimated volume 12,547 † Total Open Interest 390,246
† All Yield & Open Interest figures are for the previous day

BANK RETURN

BANKING DEPARTMENT	Wednesday December 2, 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	115,256,450	-	236,244,698
Bankers Deposits	1,431,674,220	-	193,376,024
Reserve and other Accounts	3,879,633,558	-	31,313,234
	5,441,157,228	-	460,933,956
ASSETS			
Government Securities	1,289,826,175	-	247,495,001
Advance and other Accounts	3,698,458,163	+	140,305,285
Premises Equipment & other Secs	443,612,543	-	354,733,757
Notes	9,046,862	+	978,751
Coin	213,485	+	10,766
	5,441,157,228	-	460,933,956
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,660,953,138	+	229,021,249
Notes in Banking Department	9,046,862	+	978,751
	16,670,000,000	+	230,000,000
ASSETS			
Government Debt	11,015,000		
Other Government Securities	7,141,094,738	+	403,926,501
Other Securities	9,517,890,162	-	173,926,501
	16,670,000,000	+	230,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	7	Credit Lyonnais	7	McDonnell Douglas Bnk	7
Allied Trust Bank	7	Cyprus Popular Bk	7	Midland Bank	7
AIB Bank	7	Duncan Lawrie	7	Mount Banking	7
[illegible]	[illegible]	[illegible]	[illegible]	NatWestminster	7

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

GREEK EXPORTS S.A.

ANNOUNCEMENT OF A PUBLIC AUCTION FOR THE HIGHEST BID

[illegible]

TERMS OF THE AUCTION

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2786

Treasury 13¼% Stk 2000/03 - £129¼ 129⅜ ZZ129⅝

Exchequer 10½% Stk 2005 - £113⅝ (1De92)

Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £124.975 5.025 (27No92)

Corporation and County Stocks

No. of bargains included 3

UK Public Boards

No. of bargains included 4

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London)

No. of bargains included 133

Ladbroke Group PLC5¼% Subord Cnv Bds 2004(Br£1000&5000) - £124¼ 5¼ 6 (1De92)

Ladbroke Group Finance(Jersey)Ld 8% Cnv Cap Bds 2005 (Br£5000&100000) - £94

Land Securities PLC9½% Bds 2007 - £93⅜ (2De92)

6¾% Cnv Bds 2002 - £86¼

9½% Cnv Bds 2004 (Br£5000&50000) - £101 ⅜ (30No92)

Lasmo PLC7¾% Cnv Bds 2005 - £83 (30No92)

Leeds Permanent Building Society 10⅞% Subord Bds 1998 (Br£5000) - £108⅞

Sterling Issues by Overseas Borrowers

No. of bargains included 9

Listed Companies(excluding Investment Trusts)

No. of bargains included 31484

Investment Trusts

No. of bargains included 1616

Fleming Mercantile Inv Trust PLC2.8% Cum Prf Stk £1 - 42½ (30No92)

3.5% Cum Prf Stk £1 - 53

Fleming Overseas Inv Trust PLC5% Cum Prf £1 - 50½ (30No92)

Foreign & Colonial PEP Inv Tst PLC Ord 25p - 103 (2De92)

Gartmore European Inv Trust PLC9½% Deb Stk 91/96 - £99 (27No92)

Gartmore Value Investments PLC Zero Dividend Prf 10p - 81½ 2 ¼ ⅜ ½ ⅝

Henderson Strata Investments PLC Warrants to sub for Ord - 60♦

Jos Hldgs PLC Cap 10p - 29 30 (2De92)

Inc 20p - 96 (2De92)

Jupiter European Invest Trust PLC Zero Div Prf 1p - 44 ½

Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Global Active Fund - £10.86 (27No92)

Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10 (27No92)

Lloyds Smaller Co's Inv Tst PLC Dividend Shs 1p - 26½ (27No92)

Capital Shs 1p - 50½

London & St Lawrence Investment PLC Ord 5p - 117 (30No92)

5% Cum Prf £1 - 51½ (27No92)

London American Ventures Trust PLC4% Deb Stk Red - £56 (27No92)

Multitrust PLC Ord 25p - 35 (1De92)

Murray International Trust PLC3.9% Cum Prf £1 - 58 (30No92)

4% Deb Stk - £39

New Guernsey Securities Trust Ld Ord 25p - 83 5 (30No92)

New Throgmorton Trust(1983) PLC12.6% Deb Stk 2008 - £112 (1De92)

Zero Cpn Deb Stk 1998 - £62½ ¾ (1De92)

Paribas French Investment Trust PLC Sers "A" Warrants to sub for Ord - 10

Sers "B" Warrants to sub for Ord - 6

St Andrew Trust PLC5¼% Cum Prf Stk - £50 (2De92)

Schroder Korea Fund PLC Ord $0.01 (Reg) - $7½ 8 (2De92)

Scottish Eastern Inv Trust PLC4½% Cum Prf Stk - £46

9¾% Deb Stk 2020 - £100.2♦

Scottish National Trust PLC10% Deb Stk 2011 - £104 (2De92)

Miscellaneous Warrants

No. of bargains included 1

USM Appendix

No. of bargains included 460

Rule 535(2)

No. of bargains included 21

Rothschild Asset Management(CI) Five Arrows Derivatives - $2.136 (1De92)

Old Court Major UK Co's Fund - $0.9583 (2De92)

Scotia Holdings PLC Ord 10p - £8.05 (1De92)

Select Industries PLC Ord 2½p - £0.03 (1De92)

New Ord 7½p(2½p Regd) - £0.0025 (30No92)

Severn River Crossing PLC6% Index-Linked Deb Stk 2012 - £107¾ (2De92)

Severn Valley Railway(Hldgs)PLC Ord £1 - £0.62

Southern Newspapers PLC Ord £1 - £2.62 2.65

Tadpole Technology PLC Ord 10p - £0¾♦

Vista Entertainments PLC Ord 5p - 0½ (2De92)

Weetabix Ld "A" Non.V Ord 25p - £11½♦

7%(Fmly 10%) Prf £1 - £1 (27No92)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Boise Cascade Corp. £12⅝ (2/12)
City Developments S$3.8967, 3.9173 (2/12)
Community Psychiatric Centers $10.193♦ (1/12)
Dainippon Screen Manufacturing Co. Y598.95 (30/11)
Idaho Power Co $26⅝♦ (1/12)
Keystone International £15.625 (30/11)
Magellan Petroleum Aus. A$2.462 (1/12)
Malaysian Plantations 34♦
North Borneo Timbers 25.0 (30/11)
North Flinders Mines 160♦ (2/12)
Oil Search 25
Regal Hotels (Hldgs) HK$0.958, 0.962 (2/12)
Selangor Coconuts RM1.97
Singapore Land S$3.869 (27/11)
Storer Communications SKr279.41 (30/11)
United Overseas Land S$1.35 (27/11)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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هكذا من الأصل

LONDON STOCK EXCHANGE

Equities unruffled by profit-takers

By Terry Byland,
UK Stock Market Editor

PROFIT-TAKERS were that little more forceful in the UK stock market yesterday as the first leg of the trading account came to a close. Some sizeable lines of stock came on offer and the fall of 11.6 on the FT-SE Index would have been around seven points greater had it not been for a strong performance from Glaxo as the shares celebrated approval from the US authorities of Imigran, its migraine treatment.

Traders sounded undismayed, however, pointing out that most of the selling came in stocks such as ICI, Hanson and Reuters where investors have significant profits to take. Stock index futures gave a less positive guide but traders continued to roll positions over into the March contract which becomes the market leader at the end of this month.

Account Dealing Dates		
*First Dealings:		
Nov 16	Nov 30	Dec 14
Option Declarations:		
Nov 26	Dec 10	Dec 30
Last Dealings:		
Nov 27	Dec 11	Dec 31
Account Day:		
Dec 7	Dec 21	Jan 11

*New time dealings may take place from 8.30am two business days earlier.

Economic news during the day was relatively positive, with new car sales in the UK higher in November and the latest employment data from the US bearing out the recent indications of improved manufacturing activity. It was also disclosed that the US and the European Community had signed agreements on farm trade. But the UK stock market was preoccupied with its own concerns, paying little attention to the continued firmness in sterling.

Government bonds rallied from early falls to close only a shade off. Equities opened firmer, largely reflecting the predicted rally in Hong Kong, but soon turned down as two selling programmes appeared on the trading screens. The market quickly dipped by 14.8 to FT-SE 2,756.2, but this proved the low of the day.

Shares hung fire for the rest of the day drawing little inspiration from a slow start on Wall Street where the Dow gained only 4 points in UK hours.

The final reading showed the FT-SE Index at 2,759.4 for a net fall of 11.6, making a loss of less than one Footsie point over the week. Interest in second line issues re-appeared yesterday, lifting the FT-SE Mid 250 Index by 6.3 points.

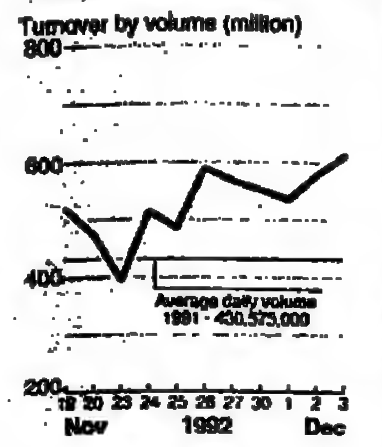
Lines of shares offered found a ready reception among marketmakers anxious to attract some stock.

Seaq-reported trading volume remained fairly at 676.1m shares compared with 669.5m in the previous session. Thursday's retail business increased to a worth of £1.49bn, one of the best daily totals since the present advance in the market commenced in mid-September when sterling made its hasty exit from the European exchange rate system.

● Retail turnover has remained above last year's daily averages, in spite of the apparent slowdown in the stock market this week.

London SE volume

Turnover by volume (million)



FT-SE Actuaries Share Indices — THE UK SERIES

	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2759.4	2771.0	2764.1	2792.0	2778.8	2388.7	2792.0	2281.0	2792.0 (1/12/92)	986.9 (23/7/84)
FT-SE Mid 250	2661.2	2654.9	2650.8	2644.5	2637.5	2327.0	2825.8	2157.8	2825.8 (20/5/92)	1379.4 (21/1/86)
FT-SE-A 350	1334.6	1338.4	1335.4	1345.5	1339.7	1165.8	1345.5	1103.1	1345.5 (1/12/92)	664.5 (14/1/86)

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/Day	Low/Day
FT-SE 100	2775.5	2771.4	2759.1	2764.8	2762.5	2764.0	2766.4	2762.2	2761.1	2775.5	2756.2
FT-SE Mid 250	2657.4	2658.4	2656.4	2657.4	2660.3	2660.5	2661.5	2662.9	2661.7	2662.9	2655.8
FT-SE-A 350	1340.5	1339.0	1334.8	1336.3	1335.7	1336.3	1337.4	1335.9	1335.3	1340.5	1332.9

Gross dividend yield (ACT at 25%) FT-SE 100 4.43%

FINANCIAL TIMES EQUITY INDICES

	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Year ago	* High	* Low
Ordinary share	2082.4	2091.7	2097.8	2106.5	2095.9	1802.8	2149.7	1670.0
Ord. div. yield	4.45	4.42	4.43	4.41	4.46	5.09	5.14	4.24
Earning yld % full	6.10	6.06	6.07	6.03	6.08	7.61	-	-
P/E ratio net	21.01	21.12	21.08	21.21	21.04	16.51	21.21	15.79
P/E ratio nil	19.34	19.44	19.40	19.52	19.38	15.77	-	-
Gold Mines	71.6	71.4	70.1	71.1	70.4	163.5	160.6	63.0

*for 1992 Ordinary share index since compilation: high 2149.7 22/5/92 - low 49.4 26/6/40
Gold Mines Index since compilation high 734.7 15/2/83 - low 43.5 26/10/71 Basis Ordinary share 1/7/35; Gold Mines 12/9/55

Ordinary Share Hourly Changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/Day	Low/Day
2093.1	2092.1	2082.4	2088.2	2088.4	2087.4	2088.3	2083.9	2082.4	2093.4	2080.1

Volume	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Year ago
SEAQ Bargains	25,696	25,783	28,749	29,553	33,894	27,116
Equity Turnover(£m)†	-	1497.9	1264.9	1207.1	1130.5	851.43
Equity Bargains†	-	31,737	34,672	34,601	34,863	27,614
Shares traded (mil)†	-	615.3	576.0	534.7	556.4	499.0

† Excluding intra-market business and overseas turnover

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1992. © The Financial Times Limited 1992. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

Second view on Hanson

FURTHER consideration of Hanson's results prompted a slide in the stock, finally 8½ off at 227¼p on very heavy turnover of 24m. The slide in London followed exceptionally heavy trade in the US overnight.

Initial reaction to the full-year profits on Thursday was that the figures were less disappointing than expected. However, the meeting with analysts, which ended too late to affect Thursday's share prices, raised questions about the high level of provisions and the revaluation of Hanson's UK aggregates business. As City analysts circulated their research views to clients yesterday, both S.G. Warburg and BZW were believed to be expressing reservations about the results.

Meanwhile, Hanson's broker, Hoare Govett, cut its 1993 profit forecast by £25m to £1100m "in the light of pressure on UK margins." The new figures are at the low end of the market's range of estimates.

Glaxo strong

The share price of Glaxo rose sharply ahead of the official opening of trading in London yesterday after the drugs group disclosed late on Thursday that the US Food and Drug Administration (FDA) had issued an "approvable" letter for Glaxo's Imigran migraine treatment, known in the US as Imitrex. There was also positive recommendation from US analysts.

Glaxo was the most heavily traded stock in early dealing and closed 36 higher at 823p on final turnover of 7.6m shares. Had it not been for Glaxo's strong performance the FT-SE 100 index would have been 18 points off on the day.

The FDA is expected to grant final approval for injectable Imigran once certain conditions are satisfied. Approval for the more lucrative tablet version would probably follow shortly afterwards. Predictions for the profit likely to be generated vary widely but UBS Phillip & Drew has argued that Imigran will achieve US sales of £550m by 1996.

Analysts said the announcement, though expected was nevertheless "very good news" and opened the door for further long-awaited approvals. Dealers added that Smith Barney, the US house traditionally positive on Glaxo, was reiterating its stance, arguing that there was $5 of upside in shares traded in American Depositary Receipts form. However, Morgan Stanley lowered its stance and the shares were weaker in New York after London closed last night.

Bank stock placed

Shares in Abbey National were the most heavily traded in London yesterday as two brokers placed nearly 29m Abbey shares at 360p each, raising £103m for the bank.

Kleinwort Benson Securities which sold the shares with S.G. Warburg to a number of institutions said the placing was carried out very quickly. The underlying share price held up well in spite of a downgrading earlier in the week from US credit rating agency Moody's. The stock represented part of the shares not taken up after the company's flotation in 1989.

Further revision of the outlook for household products group Reckitt & Colman prompted the shares to fall 16 to 606p with 1.1m traded, heavy for this stock.

Credit Lyonnais Laing brought its current-year forecast down to around £245m, some £10m below the current range of estimates. Most analysts have been gradually reducing their estimates as they perceive that margins will remain restricted. Laing's pharmaceuticals analyst, Mr Mark Brewer, said: "There is no real fundamental problem with the company but they don't see any sign of economic pick-up and are committed to spending in order to build market share."

A change of recommendation from US investment bank Lehman Brothers hit Grand Metropolitan in the wake of the food and drinks group's announcement on Thursday of disappointing full-year figures.

At worst, the shares were down 11 but bargain hunters helped bring a modest rally and they closed 8 off at 420p. Lehman moved the stock from a buy to a hold.

Water shares picked up after recent falls, helped by mildly encouraging half-year results from Severn Trent. Severn rose 4½ to 449½p and Thames added 2 at 483p.

Food manufacturer Unilever was held back at first by reports of a line of stock on the books of Kleinwort Benson Securities. The line was cleared later in the day but the poor economic outlook throughout Europe continued to weaken the shares, which fell 14 to 1052p.

The same economic worries prompted weakness in Cadbury Schweppes which eased 10 to 459p.

Several food retailers continued to rise on hopes of benefit from food price rises. Traders also talked of stock shortage in the sector. Argyll added 5 to 393p, while Asda firmed 2¼ to 53¼p. Kwik Save gained 9 to 751p, and J. Sainsbury closed 7 ahead at 535p.

UBS Phillips & Drew were reported to have been the day's main sellers of Guinness and the shares gave up 9 to 525p, in trade of 2.2m. Wolverhampton & Dudley jumped 10 to 536p, after reporting a 6.6 per cent profits increase and an 11 per cent improvement in the dividend.

Retailer Sears eased a penny to 96p on turnover of 6m shares after Nomura cut its profits estimate for the group by £7.5m to £92.5m for the current year, and by £9m to £116m for the following year. The securities house said current trading was weaker than expected and pointed out that the interest rate charge at Sears will rise as base rates fall because of its a high proportion of fixed rate debt.

Suggestions of a better trading outlook helped Dixons buck the market trend and gain 5 to 267p. The market appreciated the news that John Menzies had decided to close its Early Learning operation in the US. The shares jumped 15 to 459p.

United Newspapers, which has risen in a straight line over the past two weeks, gained 7 to 494p. S.G. Warburg has been pointing out the potential impact on earnings per share from the redemption of a £105m Eurobond issue. Redemption is expected before Christmas and Warburg says it will boost share earnings by 22 per cent.

Stake building talk returned to Lonrho. The shares firmed 5 to 74p.

Reports of improved car sales benefited stocks in the motors sector, including Lex Service which jumped 12 to 263p, and T & N, up 7 at 155p.

Profit-taking in Siebe left the shares 11 down at 379p, on turnover of 2.2m. The company reports interim figures on Tuesday and County NatWest predicts profits of £85.5m against last year's £75.2m. British Aerospace fell 8 to 134p, also on of profit-taking.

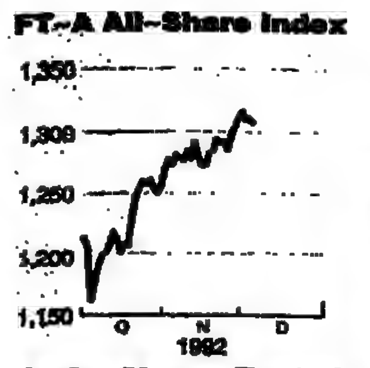
ICI suffered as UBS Phillips & Drew brought back its forecasts in line with the market and shifted its recommendation from buy to hold. UBS is looking for £580m for this year and £700m for 1993 but still believes the company will maintain its dividend next year. ICI fell 12 to 1036p.

In the transport sector, profit-taking and fears of write-downs in its property subsidiary weakened P&O, the shares falling 18 to 460p.

MARKET REPORTERS:
Peter John,
Joel Kibazo.

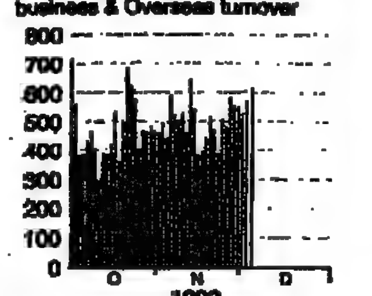
■ Other market statistics, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (48). BRITISH FUNDS (1) Treas. 8pc 2003, BREWERS & DISTILLERS (1) Bulmer (HP), BUILDING MATERIALS (1) Anglian, BUSINESS SERVICES (3) British Data Mngmt., Hays, Serco, CHEMICALS (1) Croda, CONGLOMERATES (1) Wassall, ELECTRICALS (1) Volex, ELECTRONICS (1) Electrocomps, ENGINEERING AEROSPACE (1) Smith Inds., FOOD MANUFACTURING (1) Acatos & Hutcheson, FOOD RETAILING (8) Argyll, Iceland Frozen, Morrison (Wm), Do 5¼pc Pf., Sainsbury, HEALTH & HOUSEHOLD (1) Huntleigh, HOTELS & LEISURE (1) Manchester Utd., INSURANCE LIFE (1) Transatlantic, INVESTMENT TRUSTS (9) Acorn, First Philippine, Foreign & Col. Enterprise, GT Venture, Gartmore Value Zero Pf., Mezzanine, Murray Inc., Select Assets ULS '13, Do Series B, MEDIA (3) Central ITV, Reuters, Utd. News., MISCELLANEOUS (3) Danka, Frost, Plantsbrook, OTHER FINANCIAL (5) Caledonia Invs., Govett, Perpetual, S & U, Smith New Court Prf, OTHER INDUSTRIAL MATERIALS (1) McKechnie, PACKAGING, PAPER & PRINTING (3) Dorling Kindersley, Elswick, Portals, STORES (1) Menzies (J), TEXTILES (1) Stirling, TRANSPORT (3) BAA, Mersey Docks, Tibbett & Britten.

NEW LOWS (33). AMERICANS (1) Amdahl, BREWERS & DISTILLERS (1) Macdonald Martin A, BUSINESS SERVICES (1) CRT, CHEMICALS (1) Caird 7p Cv. Pf. '08, CONTRACTING & CONSTRUCTION (1) Melville, ELECTRONICS (3) Graseby, P-E Intl., Prestwick, ENGINEERING GENERAL (4) Beauford, EIS, Hopkinsons, Wilkes (J), FOOD MANUFACTURING (1) Sentry Farming, HOTELS & LEISURE (3) Euro Disney, Hi-Tec, Resort, INVESTMENT TRUSTS (3) Lon. & Strathclyde, Jersey Phoenix Wts., Murray European Wts., MEDIA (1) Osprey Comms., MISCELLANEOUS (1) No-Swift, OIL & GAS (1) Ranger, OTHER FINANCIAL (2) BWD, Baldo, OTHER INDUSTRIAL MATERIALS (1) Baynes (C), PACKAGING, PAPER & PRINTING (1) Stat-Plus, PROPERTY (3) Derwent Valley, High-Point, Prop. Partnership, TEXTILES (1) Foster (J), MINES (3) Northam Platinum, Rand Mines, Renison.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	62	2	16	189	150	58
Other Fixed Interest	3	0	12	23	17	35
Commercial, Industrial	295	287	836	1,538	1,154	4,414
Financial & Property	129	133	539	714	644	2,653
Oil & Gas	6	26	53	56	94	275
Plantations	0	1	8	3	5	37
Mines	8	18	116	125	128	453
Others	31	59	24	175	248	159
Totals	534	526	1,604	2,823	2,440	8,084

TRADING VOLUME IN MAJOR STOCKS

	Volume 000s	Closing Price	Day's change		Volume 000s	Closing Price	Day's change
ADT	107	309	+10	Comm Union	525	588	-6
ASDA Group	14,000	53¼	+3	Cookson	3,300	[illegible]	
Abbey National	66,000	366	-7	Courtaulds	935	[illegible]	+2
Albert Fisher	3,200	57	-1	Dalgety	775	477	-3
Allied-Lyons	2,000	638	-6	De La Rue	515	865	-6
Amstrad	2,000	28		Dixons	2,300	267	+5
Anglian Water	802	465	+1	Eastern Elect	783	404	+4
Argos	381	286	+2	East Midland Elect	749	405	+7
Argyll Group	3,700	393	+5	Eng China Clays	343	438	-3
Arjo Wiggins	8,900	156	+2	Enterprise Oil	178	455	
Ass. Brit. Foods	565	472	+6	Eurotunnel Units	143	339	[illegible]
Ass. Brit. Ports	780	332	+3	FKI	[illegible]	98	
BAA	3,700	765	+7	Fisons	3,100	[illegible]	-1
BAT Inds	7,000	862	-4	Forte	2,800	169	+2
BET	1,700	85	-2	Gen. Accident	1,500	570	-8
BICC	657	366		General Elect	4,800	362	-1
BOC	707	700	+1	Glaxo	7,600	823	+36
BP	5,800	270½	-1	Glynwed Intl	336	[illegible]	-2
BPB Inds	3,300	165	-3	Granada	[illegible]	335	+2
BT	4,800	411	-3	Grand Met	4,500	420	-8
BT New	3,000	307	-7	GUS A	427	1563	
BTR	2,400	575	-3	GRE	4,000	[illegible]	+1
Bank of Scotland	1,000	118	-2	GKN	832	413	-4
Barclays	5,000	383	-4	Guinness	2,200	525	-9
Bass	2,700	801	+1	HSBC (75p shs)	14,000	488	-16
Beresford Intl	566	18	+1	Hammerson 'A'	388	243	+6
Blue Circle	1,700	172	-3	Hanson	26,000	227¼	-8½
Booker	165	383	+1	Hanson Warrants	3,300	15	[illegible]
Boots	1,700	525	-5	Harrisons Crosfield	388	143	
Bowater	820	488	-4	Hillsdown	1,300	118	
Brit. Aerospace	683	134	-8	IMI	435	253	+1
British Airways	3,300	254	-2	ICI	1,200	1036	-12
British Gas	3,600	278	-1½	Inchcape	[illegible]	487	-1
British Land	125	184	-1	Kingfisher	1,000	580	-2
British Steel	4,000	57	-½	Kwik Save	825	751	+9
Bunzl	1,800	108	-2	Ladbroke	3,700	184	-1
Burmah Castrol	172	683	-4	Land Securities	1,300	436	
Burton	2,100	63½	+½	Laporte	2,400	618	+8
Cable & Wire.	1,500	646	-4	Legal & General	1,700	408	-1
Cadbury Schweppes	1,500	459	-10	Lloyds Abbey	225	385	+2
Calor Group	567	218	-1	Lloyds Bank	1,700	501	+3
Carlton Comms.	511	717	-2	LASMO	4,400	164	-2
Coats Viyella	2,400	212½	-1½	London Elect	206	439	+7

	Volume 000s	Closing Price	Day's change		Volume 000s	Closing Price	Day's change
Lonrho	[illegible]	74	[illegible]	Shell Transport	3,900	540	-4
[illegible]	488	534	-2	Siebe	2,300	379	-11
MB Caradon	[illegible]	280	-4	Slough Ests	143	143	+1
MEPC	[illegible]	334	+4	Smith (W.H.) A	198	462	-3
Marley	[illegible]	[illegible]	+3	Smith & Nephew	[illegible]	161	-3
Marks & Spencer	5,400	[illegible]	-4	SmithKline Beecham	[illegible]	[illegible]	-2
Midlands Elect	148	456	+7	SmithKline Bchm Uts	3,800	459	[illegible]
NFC	477	178	+1	Smiths Inds	[illegible]	382	+2
NatWest Bank	[illegible]	394	[illegible]	Southern Elect	[illegible]	[illegible]	+6
National Power	[illegible]	[illegible]	[illegible]	South Wales Elect	[illegible]	490	+5
Next	[illegible]	[illegible]	-1	South West Water	388	489	+2
North West Water	[illegible]	[illegible]		South West Elect	[illegible]	461	+6
Northern Elect	[illegible]	[illegible]	+8	Southern Water	164	448	+2
Northern Foods	[illegible]	[illegible]		Standard Chartd	[illegible]	[illegible]	-14
Norweb	[illegible]	450	+2	Storehouse	[illegible]	182	+1
Pearson	[illegible]	358	-3	Sun Alliance	490	329	-2
P & O	[illegible]	460	-18	T&N	2,400	155	+7
Pilkington	1,600	[illegible]		TI Group	[illegible]	[illegible]	[illegible]
PowerGen	[illegible]	[illegible]	+4	TSB	[illegible]	[illegible]	[illegible]
Prudential	1,400	[illegible]	-2	Tarmac	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	-9	Tate & Lyle	[illegible]	380	+4
RMC	[illegible]	506	+4	Taylor Woodrow	[illegible]	[illegible]	-1
[illegible]	[illegible]	[illegible]	[illegible]	Tesco	[illegible]	[illegible]	-1
Racal	[illegible]	[illegible]	[illegible]	Thames Water	[illegible]	483	+2
Rank Org.	[illegible]	[illegible]	-3	Thorn EMI	[illegible]	[illegible]	[illegible]
Reckitt & Colman	[illegible]	606	-16	Tomkins	1,600	[illegible]	[illegible]
Redland	[illegible]	[illegible]	-2	Trafalgar House	[illegible]	64	
Reed Intl	[illegible]	[illegible]	-2	Unigate	[illegible]	[illegible]	+1
Rentokil	[illegible]	[illegible]	-5	Unilever	[illegible]	[illegible]	-14
Reuters	[illegible]	[illegible]	[illegible]	United Biscuits	[illegible]	386	[illegible]
Rolls Royce	[illegible]	[illegible]	[illegible]	Utd Newspapers	[illegible]	494	[illegible]
Rothmans	[illegible]	640	[illegible]	Vodafone	[illegible]	[illegible]	+2
Ryl Bk Scotland	[illegible]	[illegible]	-2	Warburg (S.G.)	[illegible]	[illegible]	[illegible]
Royal Insurance	[illegible]	258	+5	Wellcome	[illegible]	[illegible]	[illegible]
Saatchi	[illegible]	[illegible]		Welsh Water	[illegible]	[illegible]	+1
Sainsbury	[illegible]	535	[illegible]	Wessex Water	330	561	+4
Scottish & New	[illegible]	[illegible]	[illegible]	Whitbread 'A'	[illegible]	458	
Scot. Hydro-Elect	[illegible]	[illegible]	[illegible]	Williams Hldgs	[illegible]	[illegible]	-6
Scottish Power	[illegible]	[illegible]	[illegible]	Willis Corroon	[illegible]	[illegible]	[illegible]
Sears	[illegible]	96	-1	Wimpey	[illegible]	[illegible]	-4
Sedgwick	[illegible]	148	-1	Wolseley	[illegible]	[illegible]	[illegible]
Seeboard	[illegible]	[illegible]	+5	Yorkshire Elect	[illegible]	[illegible]	+8
Severn Trent Water	1,300	449½	+4½	Yorkshire Water	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

ACTIVITY in derivatives markets died away somewhat yesterday, although traders in stock index futures reported continued rolling-over of positions in the FT-SE futures from the December to the March contract, writes Terry Byland.

Some interest from US sources was identified in the index futures but this was not enough to counter-balance profit-taking pressures from UK market specialists. At the official close of the session, December showed only the barest premium against the cash market and later dealings saw only a modest increase in the premium. However, strategists expressed satisfaction with the outcome of the day's trading which was regarded as a pause for profit-taking.

Similar trends were evident in traded options, where overall volume dipped from 32,955 contracts to 23,446 but business in the FT-SE contract increased – 11,584 contracts against 10,374.

Hanson headed the stocks list with 1,684 contracts trading as investors took a fresh look at the profit figures.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.5118	-0.275	8.84	8.78	8.89
BELGIUM		8.750	06/02	104.7000	-0.010	8.02	8.01	8.11
CANADA *		8.500	04/02	103.2500	+0.100	8.00	8.00	7.82
DENMARK		9.000	11/00	99.7000	+0.150	9.05	8.95	8.74
FRANCE	BTAN	8.500	03/97	101.2388	+0.281	8.12	8.14	8.12
	OAT	8.500	11/02	101.6250	-0.020	8.25	8.22	8.14
GERMANY		8.000	07/02	104.0200	-0.060	7.40	7.37	7.36
ITALY		12.000	05/02	92.9450	-0.050	13.78†	13.47	13.66
JAPAN	No 119	4.800	06/99	101.7472	-0.002	4.45	4.49	4.59
	No 145	5.500	03/02	105.6567	-0.073	4.60	4.63	4.69
NETHERLANDS		8.250	06/02	104.9300	-	7.50	7.48	7.56
SPAIN		10.300	06/02	98.9500	+0.350	12.71	12.65	12.72
UK GILTS		10.000	11/96	108-30	+5/32	7.32	7.39	7.10
		9.750	08/02	108-30	+12/32	8.37	8.45	8.28
		9.000	10/08	102-05	+5/32	8.73	8.81	8.75
US TREASURY *		8.375	08/02	96-11	+2/32	6.90	6.86	6.87
		7.625	11/22	100-32	+6/32	7.54	7.56	7.62
ECU (French Govt)		8.500	03/02	97.9250	+0.010	8.83	8.84	8.84

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday December 4 1992

Water	+	45.23	Consumer Group	+	8.01
Banks	+	33.28	Packaging, Paper & Printing	+	6.68
Food Retailing	+	30.90	Conglomerates	+	5.33
Electronics	+	28.73	Merchant Banks	+	5.12
Electricity	+	26.44	Food Manufacturing	+	4.03
Other Industrials	+	24.93	Brewers & Distillers	+	2.83
Media	+	22.47	Business Services	+	2.64
Motors	+	20.12	Engineering-General	+	2.43
Telephone Networks	+	19.50	Health & Household	-	0.64
Insurance (Composite)	+	17.84	Hotels & Leisure	-	0.68
Other Groups	+	17.58	Chemicals	-	1.73
Textiles	+	17.53	Electricals	-	2.49
Stores	+	16.82	Metals & Metal Forming	-	2.68
Financial Group	+	15.83	Oil & Gas	-	3.91
Insurance (Life)	+	14.95	Building Materials	-	11.46
Transport	+	13.10	Engineering-Aerospace	-	18.01
Industrial Group	+	11.07	Property	-	22.28
All-Share Index	+	10.11	Contracting, Construction	-	24.82
500 Share Index	+	9.29	Insurance Brokers	-	26.58
Investment Trusts	+	8.64	Gold Mines Index	-	46.08
Capital Goods	+	8.15			

COMMODITIES

WEEK IN THE MARKETS

Oil slide worries Opec ministers

THE EXTENT of oil traders' disappointment with the production agreement reached at the recent meeting of the Organisation of Petroleum Exporting Country's in Vienna became clear this week as the slide in crude prices accelerated.

The March delivery crude oil futures contract at London's International Petroleum Exchange, which fell 41 US cents a barrel while the Opec meeting was being held last week, slipped another 81 cents to $18.10 a barrel at Thursday's close before steadying yesterday.

In view of the underlying weakness of the market traders had been hoping that Opec ministers would agree a much bigger cut in pumping levels than the effective 100,00 barrels a day reduction that emerged from last week's meeting.

Alarmed at the continuing price fall Opec ministers tried to talk the market up on Thursday, stressing that the 24.58m b/d supply level they had agreed covered overall sales to the market and not just well-head production – indicating that stocks would not be released if supply became tight this winter. Their assurances achieved only a brief pause in the price slide, however.

Traders said yesterday's steadier tone represented an end-of-week reaction against the earlier steep fall.

At the London Metal Exchange base metals relinquished most of last week's gains.

Copper traders tried to keep the rally going on Monday, but when that move faltered the sellers quickly got the upper hand and the three months position closed yesterday at £1,423.75 a tonne, down £50.50 on the week. About £45 of the fall was a reflection of sterling's strength against the dollar, however.

The currency factor was also a major contributor to weakness in the lead market, the LME's other sterling-denominated contract. Three months lead closed at £305.25 a tonne, down on the week by £16.25 or $10.50.

A sharp fall in nickel prices was in defiance of news of significant output cuts by two major producers. On Monday Falconbridge, jointly owned by Noranda of Canada and Trelleborg of Sweden, announced cuts in production from its operations at Sudbury, Ontario, Norway and the Dominican Republic that would reduce supply by 11,700 tonnes in 1993. That was on top of 7,000 tonnes of cuts announced last month. The scale of the cuts caught the market unawares but was not sufficient to reverse the retracement from last week's $600-a-tonne rise that was already under way. Neither were the bears deflected from their purpose by Wednesday's news that Western Mining Corporation of Australia was cutting nickel output by an estimated 2,000 tonnes in the year to the end of June.

With LME warehouse stocks of nickel remaining uncomfortably high and CIS supplies continuing to flood into the western market traders believe nothing short of a strong revival in demand from the stainless steel sector, the biggest user of nickel, can bring a substantial revival in nickel prices – and there is as yet no sign of that.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+3,375	to 1,463,725
Copper	+425	to 327,375
Lead	+1,750	to 201,650
Nickel	+456	to 64,182
Zinc	-1,125	to 379,050
Tin	-55	to 14,435

At yesterday's close the three months nickel price on the LME was quoted at $5,680 a tonne, down $57.50 on the day and $380 on the week.

The aluminium market proved more responsive to bullish production news when Pechiney of France announced on Monday that it was closing permanently its high-cost, 31,000-tonnes-a-year smelter at Venthon and reducing production by 20 per cent at other operations – resulting in an overall cut in annual output of 79,000 tonnes.

That pushed prices higher initially but was not enough to keep at bay the selling that was afflicting other LME markets. Nevertheless aluminium got off comparatively lightly with an $18 fall on the week to $1,201.50 a tonne for three months metal.

At the London Futures and Options Exchange robusta coffee prices benefited from the strength of the New York arabica market and concern about technical tightness developing around the March position, which closed at $1,010 a tonne, up $5 on the day and $34 on the week. The price had reached a 10-month high of $1,014 a tonne earlier in the day.

International Coffee Organisation talks in London ended on Tuesday with the extension of the deadline for renegotiating the International Coffee Agreement for three months as the only definite development. But that came as no surprise and did not dampen the more bullish mood that has characterised the market recently.

Richard Mooney

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

M & G Securities (0915)H
M & G House, Victoria Road, Chelmsford CM1 1FB
Customer Services/Unit Dealing 0245 390390

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer & General	5	355.87	356.9	376.2	-9.1	0.84
(Accum Units)	5	438.19	438.2	463.2	-11.2	0.84
Amer Recovery	5	331.96	334.3xd	353.5	-7.2	0.91
(Accum Units)	5	379.79	382.5	404.4	-8.3	0.91
Amer Smllr Cos	5	104.62	106.9	113.0	-2.4	-
(Accum Units)	5	106.89	109.2	115.4	-2.5	-
Australasian	5	95.66	95.70	101.2	-1.5	2.04
(Accum Units)	5	113.63	113.7	120.2	-1.9	2.04
Capital	5	515.31	515.4	545.0	-0.1	4.95
(Accum Units)	5	561.12	561.2	593.4	-0.1	4.95
Charifund	1	526.17	528.4xd	541.7	-1.0	6.07
(Accum Units)	1	2175.36	2184.9	2239.6	-4.3	6.07
Commodity	5	215.62	215.7	228.1	-2.5	1.91
(Accum Units)	5	312.5	312.5	330.4	-3.7	1.91
Compound Growth	5	696.34	696.4	736.4	-1.6	3.87
Dividend	5	28.72	28.90xd	30.90	-0.1	5.48
(Accum Units)	5	111.67	112.4	120.2	-0.4	5.48
Equity Income	5	224.56	230.1	246.2	+0.4	7.09
(Accum Units)	5	262.1	268.6	287.4	+0.5	7.09
European & General	5	325.67	325.7	344.4	-7.1	1.85
(Accum Units)	5	405.82	405.9	429.2	-8.8	1.85
European Dividend	5	48.96	49.00	52.30	-0.7	5.7
(Accum Units)	5	54.70	54.70	58.50	-0.7	5.7
Extra Yield	5	297.47	299.8	320.8	-0.2	5.99
(Accum Units)	5	854.8	861.6	922.0	-0.6	5.99
Far Eastern	5	216.73	217.6	232.8	-1.4	1.56
(Accum Units)	5	284.22	285.4	305.3	-1.8	1.56
Fund of Inv Tsts	5	415.17	415.2xd	439.1	+0.9	2.9
(Accum Units)	5	749.18	749.2	792.3	+1.7	2.9
General	5	46.72	46.80	49.50		4.56
(Accum Units)	5	120.47	120.5	127.5	-0.1	4.56
Gilt Income	5	59.75	59.80xd	62.80	+0.4	8.0
(Accum Units)	5	145.34	145.5	152.8	+1.0	8.0
Gold	5	29.07	29.10	30.80	-0.3	2.68
(Accum Units)	5	33.79	33.80	35.80	-0.4	2.68
High Income	5	20.48	20.50	21.70		6.11
(Accum Units)	5	73.96	74.00	78.30	+0.1	6.11
Intl Growth	5	59.32	59.40	63.10	-1.0	1.08
(Accum Units)	5	101.96	102.0	108.5	-1.7	1.08
International Inc	5	74.53	74.60	79.50	-1.0	5.76
(Accum Units)	5	102.38	102.6	109.3	-1.2	5.76
Japan & Gen	5	34.12	34.20xd	36.20	-0.9	-
(Accum Units)	5	36.62	36.70	38.80	-1.0	-
Japan Smaller Cos	5	100.43	100.8xd	106.6	-2.0	-
(Accum Units)	5	101.14	101.4	107.3	-2.1	-
Midland	5	38.91	39.00	41.20	+0.1	6.15
(Accum Units)	5	123.09	123.1	130.1	+0.1	6.15
Pension Ex	2	739.01	752.0	770.8	-1.0	6.13
Recovery	5	28.14	28.40	30.40	-0.1	4.36
(Accum Units)	5	43.71	44.10	47.20	-0.2	4.36
Second General	5	48.50	48.50	51.30		4.94
(Accum Units)	5	115.98	116.0	122.7	+0.2	4.94
Smaller Cos	5	43.25	43.30	45.80	+0.2	5.8
(Accum Units)	5	80.54	80.60	85.30	+0.3	5.8
Trustee	5	31.04	31.10xd	32.90	-0.1	5.23
(Accum Units)	5	116.48	116.5	123.2	-0.5	5.23

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income	5	233.8	237.6xd	252.7	-0.6	5.66
(Accum Units)	5	398.4	404.8	430.6	-1.1	5.66
UK Growth	5	302.1	304.4xd	323.8	-0.3	3.22
(Accum Units)	5	376.2	379.1	403.2	-0.4	3.22
Int Equity Gth ♦	5	53.13	53.28xd	56.68	-0.42	1.15
Intl Bond	5	62.05	62.05xd	65.21	-0.89	6.16
Special Sits Gwth	5	15.32	15.73	16.73		2.98
North American Gwth	5	83.95	84.24	89.61	-1.47	0.92
European Growth ♦	6	53.77	54.05xd	57.49	-0.75	1.06

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	1	72.31	72.31xd	74.27	-1.83	3.23
Acumen Inc	1	73.63	73.63xd	75.62	-1.87	3.23
Acumen Reserve	1	74.17	74.17xd	74.92	+0.48	8.46
Acumen Reserve Inc	1	75.39	75.39xd	76.16	+0.50	8.46
American Income	1	158.20	158.20	161.60	-1.20	3.12
Equity Income	1	82.22	82.22xd	84.66	-0.38	5.46
European	1	53.11	53.11	54.36	-1.09	1.51
Smaller Cos	1	48.83	48.83xd	51.02	+0.09	2.19
Olympiad	1	46.59	46.59	47.81	-0.75	0.97
Olympiad Income	1	44.62	44.62xd	45.80	-0.30	5.16
UK Growth	1	74.08	74.08	76.33	-0.06	2.34
Pacific Growth	1	55.76	55.76	57.52		1.44
Japan Growth	1	67.35	67.35	68.49	-1.85	0.00

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Equity	6	98.52	100.03	106.41	+0.13	0.36

NM Unit Trust Mngrs (1200)F
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 377730

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	39.43	39.43xd	42.05	-0.58	0.78
(Accum Units) ♥	5¼	42.97	42.97	45.83	-0.63	0.78
Australian ♥	5¼	208.10	209.70	224.90	-1.30	0.00
(Accum Units) ♥	5¼	235.30	237.10	254.30	-1.40	0.00
Conscience	5¼	54.84	54.84xd	58.52	+0.04	1.57
(Accum Units)	5¼	58.85	58.85	62.80	+0.05	1.57
European	5¼	149.20	149.20	159.10	-2.58	1.04
(Accum Units)	5¼	159.20	159.20	169.80	-2.58	1.04
Extra Income	5¼	67.14	67.14	71.65	+0.02	6.27
(Accum Units)	5¼	100.1	100.10	106.80		6.27
Far East Gth Acc	5¼	119.70	119.70	127.90	+1.40	0.04
Gilt & F.I	5¼	56.52	56.52	59.82	+0.27	7.71
(Accum Units)	5¼	129.70	129.70	137.20	+0.60	7.71
Gold ♥	5¼	24.46	24.46	26.30	-0.31	0.00
(Accum Units) ♥	5¼	26.34	26.34	28.32	-0.33	0.00
Income	5¼	45.85	45.85xd	48.90	+0.01	5.83
(Accum Units)	5¼	137.40	137.40	146.50		5.83
Intnl.	5¼	25.19	25.19xd	27.02	-0.15	1.00
(Accum Units)	5¼	36.22	36.22	38.86	-0.20	1.00
Jap Smaller Cos	5¼	221.30	221.30	236.00	-1.10	0.00
Sing & Malaysian	5¼	123.20	123.20	132.10	-1.70	0.00
(Accum Units)	5¼	128.10	128.10	137.30	-1.80	0.00
Smaller Co's	5¼	19.26	19.26xd	20.70	+0.05	2.32
(Accum Units)	5¼	22.28	22.28	23.95	+0.07	2.32
Special Sits	5¼	27.79	27.79	29.88	+0.05	2.04
(Accum Units)	5¼	31.72	31.72	34.10	+0.05	2.04
Sterling Deposit	0	100.2	100.20	100.20		6.60
(Accum Units)	0	100.2	100.20	100.20		6.60
Tokyo	5¼	58.29	58.29	62.13	-0.75	0.00
(Accum Units)	5¼	58.84	58.84	62.76	-0.76	0.00
UK Equity	5¼	148.60	148.60	158.50	-0.30	3.16
(Accum Units)	5¼	272.80	272.80	290.90	-0.60	3.16
US Smaller Cos ♥	5¼	91.41	93.16	99.63	-1.47	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may [illegible]

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin. 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
Intl Bond & Curr	5	115.98	115.80	121.90	-1	[illegible]
Pooled Pension 4	3½	140.7	145.3	150.4		
Smaller Cos	5	50.96	52.77	55.55	+0.29	2.70
UK General	5	111.70	113.30	119.30	-0.10	3.52
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	360.90	360.90	382.55	-0.84	5.39
Global Inc	5	50.87	50.87	53.92	-4.21	4.51
Brit Leaders	5	305.37	305.37	323.69	+0.05	3.15
Intl Leaders	5	162.32	162.32	172.06	-0.27	1.90
[illegible]	3½	47.67	48.74	50.64	-1.00	3.36
[illegible]	3½	47.67	48.74	50.64	-1.00	3.36
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	45.65	45.78	48.70	-0.70	1.62
Far Eastern Tst	6	49.91	50.93	53.75	-0.39	0.92
Smaller Cos	5	113.1	117.5	125.0	-0.21	2.95
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American 4	5	259.1	259.6xd	274.6	-5.5	0.93
S & W Capital	5	105.8	105.8	113.3	-0.9	1.88
S & W Cash 4	0	101.38	101.38	101.38	+0.01	6.83
S & W European	5	103.2	103.4	109.4	-1.8	1.29
S & W Far Eastern	5	103.4	104.3	110.3	-3.5	0.23
S & W Growth	5	113.7	115.1xd	121.7	-0.5	1.45
S & W Income	5	99.71	101.1	106.9	+0.4	5.48
S & W Magnum	5	111.7	111.7	119.8	-1.1	1.83
S & W Smlr Secs	5	248.0	253.8xd	268.5	-1.4	0.77
S & W Thoroughbred	5	128.8	128.8xd	138.1	-1.1	1.07
Societe Generale Tyndall Remnant (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
4 Hourly Pricing - 12 Noon Historic						

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2½	85.36	85.36xd	87.55	-0.97	0.00
Short Dtd Gilt	1½	106.3	106.3	107.7	+0.50	1.93
U.S. Govmt Bond	1½	[illegible]	[illegible]	[illegible]	[illegible]	0.00
Gilt Income	4	51.27	51.27	53.55	-0.47	[illegible]
Gilt Growth	4	62.90	62.90xd	65.47	+0.48	0.00
City Reserve	0	56.25	56.25	56.25	+0.01	7.88
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F	5	60.99	61.26	65.16	-0.18	2.55

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Grss
Baillie Gifford & Co Ltd				
Int'l Expt Nov 30	657.4	680.0		1.02
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	50.70	52.94		4.7
Income Plus	48.25	49.21		7.5
James Capel Fund Managers Ltd				
Managed Exempt	123.399	128.572	-0.117	4.30
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Nov 30	559.95	565.60	+17.30	3.27
Fxd Int Sec Nov 30	149.10	149.85	-2.25	9.64

INSURANCES

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Continued on next page

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Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gth Mngd	618.0	657.5	-3.8	-
Adventurous Mngd	147.1	156.5	-1.7	-
Cautious Mngd	119.4	127.1	-0.5	-
Cash Fd	314.4	331.4	+0.4	-
Property Fund	217.5	231.4		-
Equity Fund	702.3	747.2	-6.9	-
Fxd. Int. Fund	392.9	414.1	+0.8	-
International	313.4	333.5	-3.7	-
High Income	542.6	577.3	+0.3	-
Far East	407.3	433.4	-2.9	-
North American	415.1	441.7	-4.7	-
Special Sits	498.1	529.9	+0.4	-
Technology	413.7	440.2	-4.5	-
Extra Inc Fd	298.3	317.4	-0.2	-
Convertible & Gilt Fd	143.4	152.6	+0.2	-
American Income	165.5	176.1	-2.0	-
Gilt Fund 20	433.2	460.9	+2.1	-
European Fund	111.8	119.0	-1.4	-
Pref & Fixed Int	107.6	114.5	+0.1	-
UK Blue Chip	113.0	119.1	+0.2	-
Recovery Fund	103.9	109.5		-
Equity Income Dist	100.2	106.7	-0.4	5.02
Managed Dist	95.2	101.3	-0.4	5.34
High Yield Dist	99.5	104.9	-0.2	7.48
Pension Funds				
Balncd Gth Mngd Pens Acc	715.7	753.4	-3.1	-
Adventurous Mngd Pens Acc	153.0	161.1	-1.9	-
Cautious Mngd Pens Acc	137.1	144.4	-0.7	-
Building Soc. Acc	361.9	381.0	+0.6	-
Property Pens. Acc	295.3	310.9		-
Fix. Int. Pens. Acc	620.3	653.0	+1.5	-
Equity Pens Acc	896.8	944.1	-7.5	-
International Pens Acc	288.2	303.4	-3.9	-
High Inc Pens Acc	610.5	642.7		-
Tech Pens Acc	292.0	307.4	-3.9	-
N American Pens Acc	312.1	328.6	-3.6	-
Far Eastern Pens Acc	400.6	421.7	-3.9	-
Special Sits Pens Acc	409.6	431.2		-
Extra Income Pens Fd	363.4	382.6	-0.2	-
Convertible & Gilt Pen	175.0	184.3	-2.9	-
American Inc Pens	188.6	198.6		-
European Pens	123.9	130.5	-1.5	-
Managed Cash Pens	170.4	179.4	+0.3	-

Reliance Mutual
Reliance House, Tunbridge Wells, Kent. 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	167.0	175.8	-	-
Equity Acc Fd	385.1	405.3	-0.6	-
Managed Acc Fd	338.9	356.7	+1.9	-
Prop Fd (1st Issue)	-	614.1	-	
Prop Acc Fd (2nd Iss)	121.0	127.4	-0.4	-
Unit Trust Mn Fd	149.7	157.6	-6.6	-
RL Pension Funds				
Deposit Acc	242.0	254.8	-	-
Equity Acc	282.8	297.7	-0.5	-
Fixed Int Acc	242.9	255.6	-	-
Gilt Indx Lnk Acc	183.0	192.6	-1.7	-
Managed Acc	371.8	391.4	-0.9	-

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	108.0	113.7	-0.5	-
JRA/Scottish Amicable Mngd	104.2	109.7	-0.2	-
JRA/St James's Place Mngd	109.9	115.7	-0.8	-
Deposit	99.4	104.7	+0.1	-
Far East	107.9	113.6	-3.5	-
Gilts	104.0	109.5	+1.0	-
Greater European	105.9	111.5	-0.7	-
North American	121.9	128.4	-2.0	-
UK Equity	208.0	213.7	-0.3	-
Pension Funds				
JRA/M&G Managed cap	105.4	111.0	-0.6	-
JRA/M&G Managed acc	108.5	114.3	-0.7	-
JRA/Scottish Amicable Mngd cap	100.8	106.2	-0.2	-
JRA/Scottish Amicable Mngd acc	104.0	109.5	-0.2	-
JRA/St James's Pl Mngd cap	111.7	117.6	-0.9	-
JRA/St James's Pl Mngd Acc	115.1	121.2	-0.9	-
Deposit cap	99.60	104.9	-	-
Deposit acc	102.6	108.1	-	-
Far East cap	103.4	108.9	-4.3	-
Far East acc	106.5	112.2	-4.5	-
Gilts cap	102.0	107.4	+1.0	-
Gilts acc	105.0	110.6	+0.9	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

OFFSHORE INSURANCES

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	Bid Price	Offer Price	+ or −	Yield Gross
IBI Global Funds Limited				
Intl Stlg Gwth	£20.49	21.58		−
Intl $US Gwth	$17.66	18.60		−
High Income Gilt	£25.71	26.66		−
International Equity	£20.88	21.99		−
International Bond	£22.58	23.41		−
Managed Currency	£27.76	28.05		−
Sterling Currency	£26.43	26.71		−
US$ Currency	$37.73	38.12		−
Irish £ Currency	I£15.09	15.25		−
R & N Fund Managers Ltd				
LFM Sterling Fd	£11.02	11.49		−
B.F. Offshore Inc Fd Ltd	£11.52	12.14		−
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9.18	9.90		−
[illegible]	£9.37	9.64		−

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		IE−20.9306	20.9823		−
Managed Capital Bd	5		I£−21.0851	21.1139		−
AIB Dividend Currency Fund Limited						
Stg Mngd Currency	5		£−	10.9347		−
Sterling Currency Fd	3		£−	10.5345		−
Ecu Currency	3		Ecu−	10.7401		−
US Dollar Mngd Curr	3		$−	21.4465		−
Barclays International Funds						
PO Box 152, St Helier, Jersey CI						0534 67880
Australian Eq (Inc)	5¼	£0.821	0.826	0.884	[illegible]	1.0
Global Income (Inc)	5¼	£0.487	0.492	0.527	[illegible]	2.4
Global Resources	5¼	£0.390	0.394	0.422	[illegible]	0.6
Currency Funds						

	Bid Price	Offer Price	+ or −	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloyds World Inv Port.	£2.454	2.577		1.25
Dealing weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge	£9.90	9.94	+0.05	9.46
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Nov 26	$13.14	13.41		2.90
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income	52.8	55.0		8.12
UK Equity Fd	216.2	230.0	+1	2.78
*Intl Bond Fd	96.0	99.0		7.07
*Sterling Mngd Asst Fd	344.0	373.0	+5	5.00
*Sub. day every Thurs.				
NatWest TrustCor Currency Fund (z)				
Dollar Class		$38.1007	+0.0180	−
Sterling Class		£26.0920	+0.0041	−
D-Mark Class		DM83.4051	+0.0186	−
Dutch Guilder Class		Dfl82.8712	+0.0156	−
Japanese Yen Class		Y7955.7917	[illegible]	−
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Nov 26	$34.15	35.78		−
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.6428	3.8713		−
Offshore Japanese Gwth Fd	$0.9174	0.9685		−
Offshore Am Gwth Fd	$6.3498	6.7480		−
Offshore Emerging Cos	$3.5748	3.7950		−
Offshore European Fd	$1.4456	1.5363		−
Offshore Far East Fd	$2.1651	2.3009		−
Offshore UK Growth Fd	$1.7837	1.8956		−
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Nov 27		54.27		−
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£14.90	15.12		1.43
LFM Defensive Series	£11.39	11.98	+0.03	−

WORLD STOCK MARKETS

US MARKETS (3 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

CANADA (3 pm)

[illegible]

JAPAN

[illegible]

INDICES

NEW YORK DOW JONES

	Dec 3	Dec 2	Dec 1	Nov 30	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3276.53	3286.25	3294.36	3305.16	3413.21 (1/6)	3136.58 (9/10)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.52	102.44	102.50	102.42	103.20 (18/9)	98.41 (20/3)	103.20 (18/9/92)	54.99 (1/10/81)
Transport	1435.91	1426.85	1423.82	1416.77	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.45	217.39	218.20	218.70	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl Day's High 3302.73 (3310.84) Low 3252.48 (3265.18) (Theoretical)
Day's High 3291.39 (3296.79) Low 3269.23 (3280.58) (Actual)

STANDARD AND POOR'S

	Dec 3	Dec 2	Dec 1	Nov 30	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	429.91	429.89	430.78	431.35	431.35 (30/11)	394.50 (8/4)	431.35 (30/11/92)	4.40 (1/6/32)
Industrials	504.39	504.59	505.45	505.86	505.86 (30/11)	470.91 (8/4)	505.86 (30/11/92)	3.62 (21/6/32)
Financial	39.07	38.96	39.08	39.25	39.25 (30/11)	32.40 (8/4)	39.25 (30/11/92)	8.64 (1/10/74)
NYSE Composite	236.76	236.74	237.20	237.45	237.45 (30/11)	217.92 (8/4)	237.45 (30/11/92)	4.46 (25/4/42)
Amex Mkt Value	393.68	392.56	392.97	395.11	418.99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	656.36	652.91	653.95	652.73	656.36 (3/12)	547.84 (26/6)	656.36 (3/12/92)	54.87 (31/10/72)

	Nov 27	Nov 20	Nov 13	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.19	3.17	3.15

	Dec 2	Nov 25	Nov 18	year ago (approx.)
S & P Industrial div. yield	2.61	2.62	2.65	2.80
S & P Indl. P/E ratio	26.71	26.63	27.71	22.79

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Nationsbank	27,802,100	50½	..
Glaxo	6,386,000	26⅛	+ 2
Adv Micro	5,248,700	16⅛	- 1⅛
Limited	3,205,800	28	+ 1⅛
Unocal	2,794,400	22⅞	- ⅛
Syntex	2,751,200	24⅛	- ⅛
Texas Ut	2,266,600	41⅛	- ⅛
RJ Nabisco	2,212,300	9	+ ⅛
Navistar	2,121,700	2⅛	+ ⅛
Merson	2,027,600	18⅛	- ⅛

TRADING ACTIVITY

† Volume Millions	Dec 3	Dec 2	Dec 1
New York SE	237.990	241.860	259.020
Amex	16.407	19.812	18.424
NASDAQ	239.035	243.181	237.120
NYSE			
Issues Traded	2,393	2,380	2,411
Rises	913	858	916
Falls	872	936	917
Unchanged	608	586	578
New Highs	81	94	107
New Lows	20	17	11

CANADA TORONTO

	Dec 3	Dec 2	Dec 1	Nov 30	1992 HIGH	1992 LOW
Metals & Minerals	2747.71	2777.06	2753.87	2761.25	3238.87 (16/1)	2529.91 (17/11)
Composite	3264.90	3265.25	3273.70	3282.80	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1726.36	1726.06	1728.76	1742.21	1937.59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

WORLD INDICES

	Dec 4	Dec 3	Dec 2	Dec 1	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1435.2	1433.8	1438.5	1444.3	1684.50 (22/5)	1357.20 (16/11)
All Mining (1/1/80)	559.8	557.8	561.4	565.2	726.80 (3/7)	545.40 (16/11)
AUSTRIA						
Credit Aktien (30/12/84)	310.42	309.59	312.72	312.45	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	754.31	751.54	759.91	760.10	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1129.15	1127.22	1116.16	1126.28	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	263.56	264.09	262.78	260.36	365.29 (15/1)	250.42 (28/10)
FINLAND						
HEX General (28/12/90)	856.9	843.8	846.9	860.7	935.90 (24/2)	541.00 (7/9)
FRANCE						
CAC General (31/12/81)	474.82	475.16	470.64	468.66	556.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1781.68	1799.43	1783.33	1792.29	2077.49 (11/5)	1611.84 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	602.21	602.82	606.77	605.47	725.26 (26/5)	565.61 (12/10)
Commerzbank (1/12/53)	1702.70	1704.3	1717.30	1714.00	2043.80 (25/5)	1594.60 (12/10)
DAX (30/12/87)	1522.16	1532.5	1533.96	1544.89	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5268.10	4978.21	5411.65	5501.71	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1188.92	1194.36	1197.67	1204.81	1469.57 (17/1)	1094.88 (19/10)
ITALY						
Banca Com. Ital. (1972)	423.55	426.46	433.26	441.77	561.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	835.0	840.0	853.0	871.0	1086.00 (5/2)	696.00 (16/9)
JAPAN						
Nikkei (16/5/49)	17295.69	17260.08	17393.68	17313.04	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1302.85	1304.08	1308.31	1304.08	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1620.14	1677.76	1673.70	1662.99	2459.85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	637.61	636.40	641.51	637.23	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS Tll Rtn Gen. (End 1983)	291.2	290.6	288.9	289.5	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	196.0	195.6	193.4	194.9	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	667.06	670.13	666.50	654.22	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1279.54	1273.48	1266.48	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	379.37	379.85	383.11	383.47	416.99 (21/1)	351.41 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	886.0ψ	905.0	863.0	866.0	1327.00 (21/1)	746.00 (10/11)
JSE Industrial (28/9/78)	4268.0ψ	4258.0	4229.0	4194.0	4669.00 (4/6)	3936.00 (19/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	635.28	638.95	650.20	659.93	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	211.62	211.40	209.33	212.01	266.51 (28/2)	179.48 (5/10)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	864.4	882.6	885.20	896.1	1014.50 (11/5)	639.00 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	865.9	862.0	858.7	862.3	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	643.9	641.0	639.5	640.7	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3651.39	3614.02	3635.70	3646.76	5391.63 (30/1)	3351.63 (26/9)
THAILAND						
Bangkok SET (30/4/75)	860.33	868.59†	874.75	861.33	963.03 (5/11)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) (S)	492.9	492.7	493.4	492.5	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	851.97	855.90	853.68	860.18	976.55 (25/5)	772.52 (5/10)

**Saturday November 28: Taiwan Weighted Price: 3,686.14, Korea Comp Ex. 652.94
ψ Subject to official recalculation. † Correction
*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen, MIB Gen, CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000; JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow advances on positive jobs data

Wall Street

US share prices edged higher across the board following the publication of jobs data that provided more positive news on the economy, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 13.24 at 3,289.77, near its highs for the day. The more broadly based Standard & Poor's 500 was also firmer at the halfway stage, up 2.21 at 432.12, an all-time high, while the Amex composite added 1.16 to 394.84 and the Nasdaq composite put on 4.46 to 660.82, another new record high. Turnover on the NYSE was 141m shares by 1 pm, and rises comfortably *outpaced declines by 906 to 687.*

The November employment report proved better than expected, *with the labor* department announcing that non-farm payrolls climbed *105,000 last month* and that the national unemployment rate dropped from 7.4 per cent to 7.2 per cent. Although the figures came with some qualifications – non-farm payrolls, for example, were boosted by 45,000 temporary government jobs related to the election – the underlying employment picture shows that labour market conditions are improving.

Investors, however, were initially reluctant to embrace the data wholeheartedly, primarily because of concerns that the *combination of a reviving business* cycle and aggressive fiscal stimuli from President-elect *Bill Clinton could lead to an* overheated economy, rising inflation and high interest rates.

Consequently, early buying was restricted to growth stocks in the secondary market. By midday, demand for blue chips had begun to pick up, with sentiment aided by a surprisingly positive reaction to the economic news from the Treasury *market, where bond prices* rose.

Among individual stocks, *General Motors* climbed $1 to $33¾ as investors continued to welcome its cost-cutting measures and massive corporate restructuring. *GM announced* plans to close nine plants on Thursday and cut 18,000 jobs, *news which overshadowed the* day's car sales data which showed GM's market share *slipping. The rest of the sector* was also firmer, with Chrysler up $⅞ at $31¼ and Ford $⅝ higher at $42⅝.

Dayton Hudson dropped $1½ to $75⅝ in turnover of ⅛m shares as selling continued in the wake of the retailer's recent poor November same-store sales figures. Other retailers were in mixed form because of the sales data, with Gap Stores down $1¾ at $33⅛, K Mart unchanged at $25⅞ and Woolworth up $1⅛ to $33⅝.

On the Nasdaq market, *Intelligent Electronics jumped $1⅞* to $11⅞ on the news that a unit of K Mart is to buy the *company's Bizmart subsidiary* for $270m.

Canada

TORONTO stocks were stronger in moderate midday trade as the TSE-300 climbed 12.6 to 3,277.5 in volume of 19.4m shares valued at C$151.6m. Advances led declines by 198 to 173, with 255 unchanged.

Bombardier B shares climbed C$¾ to C$11¼ after announcing that its Shorts Group unit won follow-up contracts worth C$125m from Boeing.

Australian bulls pay for misplaced hopes

The economy let them down, says Kevin Brown

It has not been a good year for bulls in Australia. Time and again, brokers have forecast a sustained rally, only to retreat hurriedly as the All Ordinaries index resumed its downward trend.

At yesterday's close of 1,435.2, the index was 13.1 per cent lower than at the end of last year, and down more than 37 per cent since the all-time high of 2,300 in October 1987.

The bulls have reason to feel hard done by. Most of the misplaced optimism was based on slowly improving economic fundamentals following Australia's emergence from recession in the last quarter of 1991.

As the federal government keeps pointing out, Australia's economic cycle is ahead of *most of the rest of* the world, and its annualised GDP growth rate of 2.1 per cent is now one *of the fastest in the OECD.*

But the market has remained stubbornly unmoved, in spite of three cuts in official interest rates and a substantial fiscal boost delivered in two expansionary economic statements earlier this year.

With the benefit of hindsight, the lack of response suggests that the market had fully discounted the prospects of a return to economic growth by the end of last year.

Investors may have been disappointed by the slower-than-forecast pace of recovery, and disturbed by the signs of impending currency and current account difficulties which *have accompanied it.*

They may also have been put off by the sea of red ink which *has spilled from the books of* most of Australia's big companies as the impact of the 18-month recession works its way through the accounts.

Hardly a corner of the economy has emerged unscathed. Of the 24 sectoral indices quoted by the Australian Stock Exchange, only three are higher than at the end of last year. And two of those – chemicals and property trusts – have barely moved.

The only *real success story* has been the media index, which is up more than 50 per cent, mainly because of a spectacular improvement in the share *price of News Corporation*, Mr Rupert Murdoch's newspapers, film and broadcasting group.

The media index has also been helped by the performance of John Fairfax, the newspaper group controlled by Mr Conrad Black's Daily Telegraph group, and Nine Network, the television group controlled by Mr Kerry Packer. Significantly all three groups are recovering from earlier reverses.

However, the media index makes up only about 9 per cent of the All Ordinaries index,

and its performance has been overshadowed by the collapse elsewhere in the market.

The gold index is down more than 11 per cent, diversified resources 26 per cent, *developers and contractors 26 per cent,* building materials 23 per cent, transport 23 per cent, banking *and finance* 25 per cent, *and* alcohol and tobacco 37 per cent.

There are some *hopeful* signs for the future. The Australian dollar has declined by more than 13 per cent this year on a trade weighted basis, which makes local stocks cheaper for overseas buyers.

Corporate net profits increased by 26 per cent in the three months to the end of September, to a level 37 per cent *above the low point of the* recession in mid-1990.

However, earnings before interest, tax and depreciation rose by only 6.4 per cent, suggesting that most of the improvement in net profits flowed from lower interest rates and cost cutting, rather than higher sales or margins.

Apart from the media groups, few major companies made an unambiguous return to the good financial health in the full-year reporting season which ended last month.

Exceptions included Broken Hill Proprietary, Australia's biggest company; Amcor, the packaging and paper group; CSR, the sugar and building materials producer; and Mayne Nickless, the transport, security and health group.

But many big companies continued to disappoint, including TNT and Brambles, the transport groups; the miners CRA and North Broken Hill Peko; Goodman Fielder Wattie, Australasia's largest food producer; and Pacific Dunlop, the *diversified manufacturer.*

Worst of all, the banking sector is still showing the strains of recession *and falling* property prices. The conservatively-managed National Australia Bank produced an improvement, but Commonwealth, Westpac and ANZ all reported disappointing or disastrous results.

The market was also badly hit in October by Westpac's A$1.2bn fully-underwritten rights issue, which closed 72 per cent under-subscribed, leaving millions of unwanted shares overhanging the market.

In the absence of an unexpected acceleration of economic recovery, the market is likely to mark time over the next few months in the hope of improved results in the interim reporting season beginning in February.

The more optimistic bulls are still forecasting the long-delayed rally, which some claim could take the index to 1,800 by the middle of next year. But nervous investors *should be aware that bears are* tipping a floor of 1,250 before a sustained recovery begins.

EUROPE

Bourses ease back after an eventful week

BOURSES were mostly easier after an eventful week, *writes Our Markets Staff.*

FRANKFURT fell on the publication of bad west German industrial orders data which showed a fall for the eighth consecutive month. The DAX index, which closed down *10.34* at 1,522.16, was barely changed on the week following a good performance on Monday. Turnover dropped slightly to DM4.4bn from DM4.7bn.

FT-SE Actuaries Share Indices

December 4 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1051.92	1051.66	1051.37	1050.98	1051.65	1051.97	1052.54	1052.78
FT-SE Eurotrack 200	1133.29	1134.83	1135.64	1135.02	1134.17	1134.27	1133.48	1133.53

	Dec 3	Dec 2	Dec 1	Nov 30	Nov 27
FT-SE Eurotrack 100	1055.11	1052.11	1056.79	1057.75	1049.92
FT-SE Eurotrack 200	1136.09	1130.96	1135.62	1132.14	1122.37

Base value 1000 (26/10/90) Highday: 100 - 1053.13; 200 - 1136.98 Lowday: 100 - 1050.54 200 - 1131.05

The industrial orders figures, down some 9 per cent from a year earlier, re-emphasised the parlous state of the economy and gave further support to those calling for an early easing in interest rates.

Stocks were broadly weaker *on this news while special features* affected others. Volkswagen slipped a further DM3.80 to *DM249.50, for a fall of 6.5* per cent on the week, after the group said that it would be holding a extraordinary supervisory board meeting next month. Some analysts believe that the vehicle manufacturer will be forced to implement drastic rationalisation measures since it faces a sharp deterioration in earnings.

Deutsche Bank, expected to report 10-month figures on Tuesday, weakened DM4 to *DM665. An analyst at Robert* Fleming in London expects Deutsche to report the worst results of the big three banks in spite of curbing its lending growth. Dresdner Bank lost DM1.50 to DM352.50 ahead of its results, due on Monday.

PARIS eased as several leading stocks came under pressure. The CAC-40 index ended *17.75 down at 1,781.68 but was* 1.8 per cent higher on the week. Turnover slipped back to *FFr2.2bn.*

Carrefour ended FFr135 or 5.5 per cent lower at FFr2,303 after the supermarket group announced a fall in November sales which put its full-year forecasts into doubt.

LVMH dropped FFr119 or 3.1 per cent to FFr3,690 on reports that a London broker had downgraded its forecast for Guinness, with which it has a cross-shareholding.

Lafarge fell as low as *FFr309.10 on rumours, later* denied by the company, that it was considering an issue of dollar-denominated convertible bonds. The shares recovered to close down FFr9 at FFr317.

Elsewhere, Peugeot was knocked back in late trading to close FFr15 or 2.8 per cent down at FFr523.

MILAN fell on position-*squaring* ahead of the long weekend. The market is closed on Tuesday *for a national holiday and although it is open on* Monday, many players are expected to be absent. The Comit index *fell 2.91 to 423.55,* down 4.3 per cent on the week, in turnover estimated at less than Thursday's L252.7bn.

A resurgence of rumours that it was to be sold spurred Rinascente up by L453 or 6.7 per cent to L7,185. Trading in the privatisation stock Credito Italiano was also lively, adding L42 or 1.5 per cent to L2,770.

The hotel group Ciga rebounded by L122 or 13.6 per cent to L1,020 after its sharp fall earlier this week. But Ciga's majority shareholder, *Fimpar, owned by the Aga* Khan, finally settled at L455, down L93 or 17 per cent, after *being delayed from trading* because of excessive declines.

Generali, which announced that premium income rose 13.4 per cent in the first nine months of 1992, fell L280 to *L27,460.*

AMSTERDAM's CBS Tendency index closed unchanged at 105.6 but was down 2.3 per cent on the week.

Daf remained in the limelight after Thursday's news of further restructuring measures, but its shares were unchanged at Fl 6.20 as analysts took the view that the group's fight for survival was still in the balance.

Amev and ING lost Fl 1.90 *and 20 cents respectively to* Fl 60.40 and Fl 49.40 after publication of their nine-month results on Thursday.

MADRID firmed slightly ahead of the weekend as the general index gained 0.74 to 212.14, a rise of 1.4 per cent on the week. News that Grupo Torras, the Spanish holding company of the KIO, was filing for receivership weighed on affiliated industrial companies, including Ebro which shed *Pta105 or 10 per cent to Pta860.*

Repsol firmed Pta50 at Pta2,625 as investors decided that it might not be liable for clean-up costs linked to the *spillage of crude oil into the* sea off northern Spain after a tanker it had chartered ran aground on Thursday.

STOCKHOLM dropped 2.1 per cent in a continued downward correction to *its post-devaluation* rally. The Affärsvärlden general index ended *18.2* lower at *864.4*, down *2.3* per cent on the week, in turnover of SKr727m.

Trading focused on the ball-bearings group SKF after rumours that Incentive would acquire SKF. Turnover in SKF shares was usually heavy at SKr102m with the B shares closing unchanged at SKr80.

ZURICH firmed slightly *ahead of Sunday's referendum* on Switzerland's membership of the EEA. The SMI index *added 6.4 to 1,935.0, up 1.1 per* cent on the week.

ISTANBUL's 75-share index closed down *30.33* at *3,891.55* despite a decline in November inflation.

SOUTH AFRICA

GOLD shares eased after Thursday's gains. The index fell 20 to 885 with De Beers down 75 cents to R57.25. A firmer financial rand weighed *on some shares and the overall* index lost 15 to 3,241. Industrials rose 10 to 4,268.

ASIA PACIFIC

Hong Kong rebounds by 5 per cent

Tokyo

SHARE prices rose marginally *in low volume as reports of* negative third quarter GNP growth dampened activity ahead of the weekend, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed up 35.61 to 17,265.69, a 1.1 per cent gain on the week, after fluctuating within a narrow band of 17,186.86 and 17,301.10 on small-lot profit-taking and light buying by public funds.

Volume fell to 180m shares from 242m, dropping below *200m shares for the first time* since November 24 as dealers refrained from trading. Some observers attributed the lack of activity to a mandatory exam for brokers this weekend, set by the Japan Securities Dealers Association. Some 30,000 brokerage employees will be tested on the rules and laws governing the securities business.

Declines outpaced advances by 541 to 398 with 190 issues unchanged. The Topix index of all first section stocks fell 1.23 to 1,302.85 and in London, the ISE/Nikkei 50 index added 0.74 to 1,050.81.

Investors failed to react to *lower money market rates, due* to worries over deteriorating domestic economic conditions. Although negative growth in GNP has raised hopes of an imminent cut in the official discount rate, traders said that investors will wait for the Bank of Japan's quarterly survey of business sentiment, out next week, before making any decisions.

A cut in the short-term prime rate by Sanwa Bank and *hopes of lower interest* rates helped interest-rate sensitive stocks. Nippon Steel was the *day's most active issue, rising* Y2 to Y295, while NKK advanced Y4 to Y256.

High-technology shares were lower on profit-taking, with NEC down Y9 to Y650 and Sony retreating Y50 to Y4,050.

Dealers flocked to stocks related to MRSA, a new virus contracted mainly in hospitals. Morinaga Milk Industry, which surged on Thursday on reports of research into a steriliser against MRSA, was traded actively but closed Y9 lower at Y691 on profit-taking.

In Osaka, the OSE average *fell 48.53 to 18,670.07 in volume* of 22.5m shares. Profit-taking depressed Shimano, the bicycle parts maker, Y40 to Y1,830, and Nintendo lost Y100 to Y11,000.

Roundup

HONG KONG recovered some of the week's losses but analysts warned that the market was still very nervous. Manila was closed for a public holiday.

HONG KONG leapt 5 per *cent at the opening in a technical* reaction to Thursday's steep fall, but activity levelled *off by midsession with the* Hang Seng index closing 289.89 higher at 5,268.10. The market has lost some 12 per cent on the week following tension between China and Britain over the future of democracy in the colony.

Among the most actives, HSBC rose HK$4 to HK$55, Cheung Kong added 60 cents to HK$18.60 and Hang Seng Bank was up HK$3.75 at HK$47.50.

BANGKOK weakened on rumours, later denied, that two major property groups were facing bankruptcy charges in Hong Kong. *The SET index fell* 8.26 to 860.33, a 1 per cent decline on the week, in turnover of Bt4bn.

The rumours caused sales of Bangkok Land, down Bt3 at Bt95, and Tanayong which fell by its 10 per cent limit to Bt72 before ending down Bt4.50 at Bt75.

SINGAPORE eased in late profit-taking as investors switched their attention to Hong Kong. The Straits Times industrial index lost 5.64 *to* 1,442.70, barely changed on the week, as volume declined to *74m shares from 86.6m.*

SEOUL fell for the fourth consecutive day as investors remained nervous about the forthcoming presidential elections. The composite index shed 3.65 to 635.28, a 2.4 per cent fall on the week.

TAIWAN rose on bargain-hunting and the weighted index rose 37.31 to 3,651.39, up 0.8 per cent on the week, in turnover of T$5.8bn.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

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Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 3 1992								WEDNESDAY DECEMBER 2 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	115.21	+0.8	109.04	90.78	94.67	110.99	−0.3	4.37	114.32	109.45	89.89	93.37	111.31	153.68	108.18	151.20
Austria (19)	139.14	−1.3	131.69	109.64	114.34	114.30	−0.8	2.47	140.91	134.91	110.81	115.09	115.18	186.70	137.66	168.84
Belgium (42)	136.24	+0.2	128.94	107.34	111.94	109.36	+0.8	5.63	135.92	130.14	106.88	111.02	108.44	152.27	134.08	134.21
Canada (113)	113.36	+0.5	107.28	89.31	93.14	104.82	+0.1	3.23	112.84	108.04	88.73	92.16	104.76	142.12	111.36	135.76
Denmark (34)	192.01	−0.3	161.72	151.29	157.77	160.34	+0.4	1.70	192.65	184.45	151.49	157.35	159.76	273.94	161.70	254.57
Finland (15)	71.90	−0.6	68.05	56.65	59.08	76.79	−0.6	1.84	72.30	69.22	56.88	59.05	77.26	89.80	52.84	75.99
France (99)	147.30	+0.3	139.41	116.06	121.03	124.25	+0.7	3.63	146.88	140.63	115.49	119.96	123.44	168.75	136.93	138.79
Germany (64)	106.17	−0.7	100.49	83.67	87.24	87.24	−0.1	2.60	106.87	102.32	84.05	87.29	87.29	129.69	102.51	110.79
Hong Kong (53)	200.65	−8.3	189.90	158.09	164.88	199.50	−8.3	4.51	218.88	209.57	172.12	178.78	217.55	262.28	176.36	170.32
Ireland (16)	135.15	−2.5	127.91	106.49	111.05	114.00	−1.9	4.80	138.59	132.69	108.98	113.19	116.17	173.71	122.98	155.53
Italy (77)	54.41	−1.6	51.49	42.87	44.71	56.44	−1.7	3.68	55.31	52.95	43.49	45.17	57.43	80.86	47.47	71.30
Japan (472)	104.84	−0.5	99.22	82.61	86.16	82.61	−0.3	1.02	105.36	100.88	82.85	86.07	82.85	140.95	87.27	131.50
Malaysia (69)	272.24	−0.7	257.66	214.50	223.70	265.90	−0.8	2.49	274.16	262.49	215.57	223.91	268.03	282.42	212.49	202.94
Mexico (18)	1568.30	+0.0	1484.29	1235.72	1288.67	5339.57	+0.0	1.12	1568.03	1501.29	1233.02	1280.70	5342.08	1789.77	1185.84	1332.75
Netherland (25)	153.03	+0.0	144.84	120.58	125.75	124.12	+0.6	4.58	153.06	146.55	120.36	125.02	123.37	169.70	147.88	145.01
New Zealand (13)	42.45	+0.4	40.18	33.45	34.88	43.62	−0.4	5.31	42.29	40.49	33.26	34.55	43.78	48.52	37.39	48.68
Norway (22)	149.31	−0.4	141.31	117.64	122.69	131.07	+0.2	1.85	149.88	143.50	117.86	122.42	130.75	192.95	128.05	165.34
Singapore (38)	202.59	−1.5	191.73	159.63	166.46	153.06	−1.3	2.15	205.57	196.82	161.65	167.90	155.03	229.63	179.65	205.42
South Africa (60)	149.07	+2.5	141.09	117.46	122.49	156.84	+1.0	3.27	145.40	139.21	114.33	118.75	155.21	263.60	134.21	259.30
Spain (46)	115.67	+1.1	109.48	91.15	95.05	99.90	+1.2	6.02	114.40	109.53	89.96	93.44	98.76	161.72	107.10	147.05
Sweden (31)	165.25	−0.8	156.40	130.21	135.79	166.78	+0.0	2.35	166.59	159.50	131.00	136.07	168.84	200.28	149.69	167.68
Switzerland (60)	108.49	−1.3	102.68	85.49	89.16	94.94	+0.1	2.25	109.88	105.21	86.41	89.76	94.86	122.37	95.99	94.35
United Kingdom (227)	172.60	+1.4	163.35	135.98	141.81	163.35	+0.2	4.50	170.27	163.03	133.88	139.06	163.03	200.07	161.86	172.21
USA (522)	175.71	+0.0	166.30	138.45	144.38	175.71	+0.0	2.90	175.68	168.20	138.15	143.49	175.68	176.33	160.92	153.84
Europe (779)	136.21	+0.3	128.91	107.32	111.93	121.21	+0.2	3.89	135.74	129.96	106.74	110.87	120.98	156.88	131.31	138.03
Nordic (102)	150.50	−0.6	142.43	118.58	123.66	136.38	+0.1	2.11	151.45	145.00	119.09	123.70	138.25	186.52	141.24	172.64
Pacific Basin (713)	108.65	−0.8	102.83	85.61	89.28	87.33	−0.7	1.38	109.57	104.90	86.16	89.49	87.96	141.97	93.70	132.89
Euro – Pacific (1492)	119.80	−0.3	113.38	94.39	98.43	100.94	−0.3	2.54	120.15	115.04	94.48	98.13	101.24	145.21	113.80	135.27
North America (635)	171.84	+0.0	162.64	135.42	141.23	170.90	+0.0	2.91	171.79	164.47	135.10	140.33	170.87	172.42	158.70	152.65
Europe Ex. UK (552)	114.56	−0.4	108.42	90.28	94.15	98.38	+0.2	3.43	115.01	110.12	90.48	93.98	98.20	132.98	111.33	117.47
Pacific Ex. Japan (241)	146.08	−3.2	138.24	115.10	120.03	134.45	−3.5	3.95	150.83	144.41	118.62	123.21	139.37	175.31	146.08	146.61
World Ex. US (1683)	120.79	−0.2	114.32	95.19	99.26	102.95	−0.3	2.55	121.07	115.92	95.21	98.89	103.22	146.91	115.99	137.36
World Ex. UK (1978)	135.12	−0.3	127.89	106.47	111.04	121.56	−0.2	2.49	135.53	129.76	106.58	110.71	121.78	150.58	127.21	138.99
World Ex. So. Af. (2145)	138.41	−0.1	131.00	109.07	113.74	124.93	−0.2	2.70	138.61	132.71	109.01	113.22	125.13	153.05	130.04	141.10
World Ex. Japan (1733)	157.36	+0.0	148.95	124.02	129.34	150.05	−0.1	3.28	157.37	150.67	123.76	128.56	150.19	155.40	151.93	148.74
The World Index (2205)	138.37	−0.1	130.96	109.03	113.71	125.25	−0.1	2.70	138.56	132.65	108.95	113.17	125.43	153.70	130.66	141.89

Latest prices were unavailable for this edition.

هكذا من الأصل

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هكذا من الأصل

INVESTMENT TRUSTS - Cont.

Net asset values supplied by County NatWest Wood Mackenzie as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

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GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ♥ "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Not officially UK listed, dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Yield based on prospectus or other official estimates for 1992
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

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FINANCIAL TIMES
Weekend December 5/December 6 1992

UK moves to end EC deadlock face battle

By Quentin Peel in Bonn and Lionel Barber in Brussels

BRITAIN is hoping that Franco-German diplomatic efforts to break the deadlock over the European Community budget will pave the way for an agreement at next week's Edinburgh summit.

But fresh doubts arose last night about prospects for the summit after five Christian Democratic leaders in Europe declared that a British compromise to meet Danish demands for exemptions from the Maastricht Treaty were not acceptable.

The hard line signalled tough bargaining between Denmark and its European partners over the next few days. Without a resolution of the Danish question, senior diplomats predicted the summit would end in failure.

Earlier in talks that ended in Bonn, Chancellor Helmut Kohl of Germany and French President François Mitterrand threw their weight behind the British presidency's urgent efforts to negotiate a complex deal to ensure a successful summit. This includes extra EC finances and a rapid start to talks with new member states.

"The fundamental idea must be that this is a Community of solidarity," said Mr Kohl. That meant not just solidarity between the northern states and the Mediterranean countries, but equally with the new applicants in northern Europe, and with the emerging democracies of eastern Europe.

Chancellor Kohl said a deal on future financing was essential for overall agreement in Edinburgh, and hinted strongly at a willingness to move towards Spanish demands for generous funds to help the weaker European economies.

Spain has led a loose coalition of poorer EC countries such as Ireland, Greece and Portugal in a protest against UK proposals to limit future EC financing and scale back "cohesion" funds agreed under the Maastricht treaty.

A senior UK official in Brussels last night described Spain's position as crucial for a budget compromise at Edinburgh. "Their position is important and absolutely understandable," the official said.

Spain yesterday gave a lukewarm reception to Britain's proposals for solving the Danish problem. "We are reserving our opinion at least until the foreign ministers 'conclave' on December 8," said a Foreign Affairs ministry spokeswoman.

Madrid has expressed anger at Britain's reduction in proposed cohesion funds which were a central part of the Maastricht treaty.

But the UK continued to stress yesterday that there could be no question of agreeing to a reduction in the British rebate, worth about £3bn a year - despite a chorus of opposition by other EC member states.

Germans back growth, Page 2

Bush orders 28,000 troops into Somalia to aid relief

By George Graham in Washington

PRESIDENT George Bush yesterday ordered 28,000 US troops into Somalia to bring relief to the country's starving population in an operation dubbed Restore Hope.

In a televised address Mr Bush said he wanted to create a secure environment and open the supply routes so that food can be moved into the areas of Somalia which have been worst hit by famine.

Once that was accomplished the US would withdraw its own troops and hand over the security operation to a United Nations peacekeeping force, he said.

"Make no mistake about it, we and our allies will make sure that aid goes through," Mr Bush said.

On Thursday evening the US was given the go-ahead from a unanimous UN Security Council vote authorising the use of a multinational force composed mainly of US troops to protect the distribution of aid in Somalia.

The operation may open a new chapter both for UN intervention in the internal affairs of member nations and for the US in its role as the world's sole remaining superpower. The humanitarian operation to help the Kurds in Iraq after the Gulf war provided some precedent for a US military relief operation. But American troops have not been deployed in such numbers without any reference to US national security interests, such as those invoked in the Gulf war, or in the protection of US citizens.

Mr Bush warned that although the operation was humanitarian, the US would not "tolerate armed gangs ripping off their own people."

Congressional leaders from both Republican and Democratic parties generally expressed support for Mr Bush's initiative after a briefing at the White House yesterday morning.

President-elect Mr Bill Clinton had earlier called the UN approval of a US-led force a "historic and welcome step," and commended President Bush for "taking the lead in this important humanitarian effort."

Some Clinton advisers, however, appeared concerned that the operation would be far from over by the time Mr Clinton takes office on January 20, and that his administration will be left to extricate the US from Somalia.

Although Mr Bush would prefer to have US troops home before he hands over to Mr Clinton, Pentagon officials said they were more likely to stay two to three months.

Some congressmen, again from both parties, are also worried that the US's commitment could turn out to be too broad and ill-defined.

Three amphibious landing vessels carrying 1,800 Marines and 23 helicopters are already in position off the Somali coast, but Pentagon officials said they would not land before Monday.

Britain is expected to send RAF transport aircraft to help in the operation, it was announced last night.

A final foreign fray, Page 7

THE LEX COLUMN

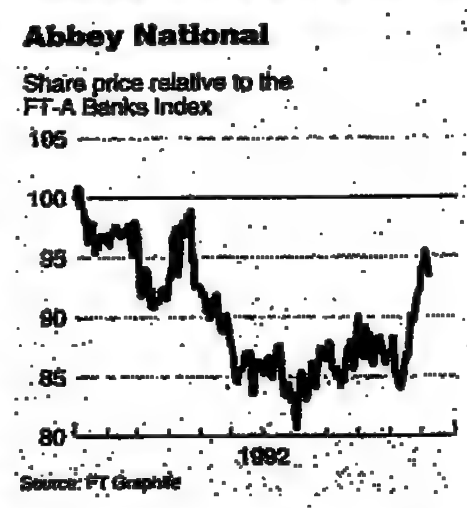
A sterling shine

Sterling's recovery this week is one of those developments which has the markets scrabbling for justification after the event. It may be that much of the gain – the currency briefly hit DM2.50 yesterday – simply reflects short-covering ahead of the year-end. But one cannot ignore the less technical explanations. With the German economy weakening fast and strains within the ERM continuing, there is some prospect of lower interest rates in Europe before too long. In that case, sterling's interest rate disadvantage could be set to dwindle.

Narrow money supply growth is accelerating and there is tentative evidence – fuelled yesterday by November's higher new car sales – that the economic situation is not as hopeless as it seemed a month ago. Against that backdrop, the argument for further sharp base rate cuts, perhaps to 5 per cent, is losing force. True, there may be room for another cut in the new year. But whereas the exchange rate no longer restricts monetary policy, domestic constraints are becoming more apparent.

This is a mixed blessing for financial markets. Gilts were buoyed yesterday by sterling's strength, but low yields and a currency at the top of its range are hardly a good starting point for funding next year's borrowing requirement. Equities at least have the recovery story to play with. Significantly, though, companies reporting this week – from Bass to Hanson and Royal Bank of Scotland – were cautious on the UK outlook. The recovery thus looks weak and patchy. Equities may not have much headroom left.

FT-SE Index: 2759.4 (-11.6)



Abbey National

Abbey National did the decent thing by waiting until its downgrading had been announced by Moody's before launching yesterday's £103m share placement. Just the same it has netted a handsome price. Its shares have risen more than 40 per cent since September's devaluation, which makes one wonder whether, like HSBC last month, it has chosen a high point on which to raise some cash.

Though falling interest rates have made for a wider retail margin, this may not be so easy to maintain once interest rates have stopped declining. And the overall group margin will fall this year, thanks to the Abbey's increasing involvement in treasury business and the effect of lower interest rates on its free capital. Falling house prices mean second-half provisions will be higher than the first half's £138m. They could still be high next year as rising unemployment continues to depress the housing market. All of which limits Abbey's growth prospects, in spite of its undoubted basic strength.

On a historic multiple around 13, Abbey is still trading at a discount to the market, but the yield of 3.8 per cent looks skimpy. As for the the proceeds of yesterday's issue, the new accounting rules may mean the profit has to be taken above the line, but the longer-term benefit to earnings will still be marginal.

Wassall/Evode

The 40 per cent jump in Evode's profits raises the suspicion that it must have pulled out all the stops to fend off Wassall's bid. But since the annual results were set in ink before the predator even surfaced the more reasonable impression is that of the real recovery among some of its businesses.

This may make the takeover battle more bruising than was at first imagined, although it is unlikely to preserve Evode's independence. The company's insipid trading record and precarious debt structure have left it with few friends in the City. And with the shares unchanged at 91p yesterday, the market seemed to keep the invitation open to Wassall – especially if it digs deeper into its pockets and lifts its 80p bid.

Evode's best hope of escaping Wassall's clutches must surely lie in a white knight. Logic – and the curious emergence of Wasserstein Perella on the defence team – suggests that one could come from the US, where low borrowing costs and the high dollar would add to the attractions of such a deal. Whichever way, Evode's shareholders would not lose. Rather than overpay, Wassall could walk away to stalk another prey. How Hanson must yearn for those early years when its shares were as highly rated as Wassall's and the range of targets was as great.

Crude oil

Cynics might regard last week's fall in crude oil prices as the natural response to the latest Opec agreement. Clearly the deal was hard to reach, even though it involves only a nominal cut in output to 24.6m barrels a day. And even that cut is only temporary. Indeed, with most members producing at or near full capacity, it is questionable whether the oil producers are really acting as a cartel at all. The subtext to the latest tensions within Opec is the desire to keep output as high as possible before negotiations begin to re-admit Iraqi oil to the market. Once that occurs quotas will have to be cut, so the race is on to establish benchmarks.

That is not to say, however, that even a badly co-ordinated Opec will let crude prices slide indefinitely before acting. The memory of the 1986 collapse is still burnt deeply into Opec psyches. Besides, supply and demand are not far from balance at present. If there were a cold snap on either side of the Atlantic, or an interruption in supply, the rebound in crude oil prices could be sharp. The assumption of a gently falling trading range is a dangerous one.

Amstrad

Mr Alan Sugar looks likely to get a well-deserved bloody nose. He can hardly be surprised. His offer for Amstrad combines the worst features of a management buy-out with a disclosure level inadequate even in less compromising situations. Shareholders can congratulate themselves on striking a blow for corporate governance. But after that, what next? There is not much hope of a higher offer. Outside directors might prevent further embarrassment. They could not be expected to wring full value from the assets. One has to hope Mr Sugar will do that job himself. Judging by the rock-solid share price, he has convinced the market that Amstrad is worth more than just principles.

Channel 5 consortium meets test on funding

By Raymond Snoddy

A NEW national Channel 5 looked increasingly likely last night after Channel Five Holdings, the only bidder for the franchise, met a critical deadline on funding.

The Independent Television Commission confirmed that documents showing at least 70 per cent of the project was financed had been delivered at 5.30pm. A decision on whether or not to award the franchise will be taken by the ITC on December 17.

It is believed that in addition to Thames Television, the main driving force behind Channel Five Holdings, the project has the backing of Time Warner, the world's largest media group. Pearson, owner of the Financial Times, has also written to the ITC saying that it would like to invest in Channel 5.

The new channel is capable of reaching up to 70 per cent of the UK population, but before it goes on air millions of video recorders have to be retuned. Many are tuned to the frequency that Channel 5 will use and will suffer interference.

Channel Five Holdings was the only bidder for the franchise, and was thus able to bid the minimum £1,000 a year. And unlike most ITV companies it will not have to pay an additional levy on advertising revenues.

The consortium, which needs to raise about £150m, plans to launch a series of city-based stations starting with London as early as July 1993. The format will be based on local news, films and music.

If the ITC gives the go ahead, ITV's London companies Carlton Television and London Weekend Television would be the first to face competition for advertising revenues. However it will need to be convinced that the retuning can be successfully carried out before deciding to award the franchise.

Channel Five Holdings hopes to take the concept of City-TV to other UK cities such as Manchester, Birmingham and Glasgow throughout the decade in co-operation with local partners.

The channel would also be broadcast by the Astra satellite, giving immediate access to 3m homes.

ITV in competition row, Page 4

A communist supporter, holding a photograph of Stalin, shouts at deputies of the Russian Congress meeting in Moscow yesterday. President Boris Yeltsin is under pressure from the Congress and may appeal to the people for extra powers and approval for a new constitution. Report, Page 2; Man in the News: Yegor Gaidar, Page 6

Signs of a fragile upturn

Continued from Page 1

John Duff, UK strategy and business director at IBM, the international computer company, said: "I do not see very much in the way of an upturn."

However, the FT survey showed that among some specific sectors there are some relatively hopeful straws in the wind. In particular, indications from agencies specialising in finding employment for temporary staff are that demand in some sectors of the economy may be picking up. At the Treasury, few ministers or officials want to predict a strong recovery after several occasions in the past two years when the department said an upturn was imminent, only to find a false dawn.

Mr Stephen Dorrell, financial secretary at the Treasury, said yesterday that most independent forecasters expected "a gentle recovery to take root next year". He said it was reasonable to expect this, after the 3 percentage point cut in interest rates since the middle of September.

Somalia firefight a deadly omen for US

Continued from Page 1

to secure the airport and port and establish safe corridors for food aid.

"If the Yanks think they can dash in here like the cavalry and clean this mess up in a matter of weeks we are all in for deep trouble," said a long-serving UN officer. Experts say that, even without any large-scale military resistance, getting food to the worst-affected areas of the Jubba Valley and the towns of Bardera and Baidoa is going to require a big logistics operation and a long-term commitment.

General Mohamed Aideed, Somalia's fiercest warlord, was still said to be massing "Mad Max" vehicles and a ragtag army of gunmen in Baidoa yesterday to launch an offensive aimed at retaking Bardera which he lost to forces loyal to former President Siad Barre.

Many Somalis believe the general is desperate to seize the town before US troops arrive.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Herlitz	284	+	8
Metallgel	337	+	9
Falls			
Colonia Konz	730	–	10
Degussa	327.2	–	10.3
Holzmann	832	–	14
Wella	627	–	16

New York ($)

Rises			
Chrysler	31¼	+	⅞
Ford	42⅝	+	⅝
Gen Motors	33¾	+	1
Woolworth	33⅝	+	1⅛
Falls			
Dayton Hudson	75⅝	–	1½
Gap Stores	33½	–	1¾

New York prices at 12.30pm

Paris (FFrs)

Rises			
Cred Lyonn	416.9	+	17.9
Ecco	364.5	+	23.5
Seb SA	359.9	+	12.9
Falls			
Bancaire Cie	350	–	11.5
Bouygues	534	–	14
Carrefour	2303	–	135

Tokyo (Yen)

Rises			
Dainichi	620	+	45
Nippon Seiro	210	+	30
Tokyo Rika	430	+	40
Toyo Takasago	216	+	16
Falls			
Sea-Com	210	–	35
Yamazaki Bak	1790	–	170

London (Pence)

Rises			
ASDA	53¼	+	2¼
Brame	185	+	25
Brit Data Mng	170	+	10
China & Eastn	131	+	7
Electronic Data	510	+	25
Geest	304	+	11
Glaxo	823	+	36
Huntleigh Tech	915	+	45
Lex Service	253	+	12
Lonrho	74	+	5
Moss Bros	125	+	6
Owners Abroad	76	+	4
Richdsns West	54	+	5
Securiguard	150	+	9
T & N	155	+	7
Falls			
Baird (Wm)	207	–	11
Baltic	39	–	7
Dobson Park	58	–	4
Drummond	22	–	3
Graseby	104	–	6
Melville Grp	6	–	5
P & O Deld	460	–	18
Resort Hotels	19	–	5
Reuters	1353	–	23

World Weather

UK Today: There will be a bright but cold start, with icy patches on some roads, although in the west and south there may be snow in the hills. Rain will later come from the west. Eastern areas should stay mainly dry.

		°C	°F																
				Cairo	F	19	66	Inverness	F	4	39	Milan	F	9	48	Salzburg	C	7	45
Ajaccio	C	16	61	Cape Town	C	19	66	Isle of Man	F	5	41	Montreal	S	-6	21	S'Francisco	S	9	48
Algiers	F	20	68	Cardiff	S	6	43	Istanbul	S	10	50	Moscow	C	-1	30	Seoul	S	10	50
Amsterdam	F	5	41	Chicago	Sn	0	32	Jersey	R	7	45	Munich	F	5	41	Singapore	R	25	77
Athens	F	16	61	Cologne	R	3	37	Johannesburg	S	31	88	Nairobi		-	-	Stockholm	Dr	5	41
Bahrain	S	23	73	Copenhagen	C	5	41	Las Palmas	C	22	72	Naples	F	16	61	Strasbourg	C	9	48
Barcelona	F	16	61	Corfu	F	19	66	Leeds	C	4	39	Nassau		-	-	Sydney	R	19	66
Beijing	S	3	37	Dallas	C	7	45	Lisbon	C	16	61	Newcastle	S	5	41	Tangier	C	17	63
Belfast	C	3	37	Dublin	S	4	39	Locarno	C	7	45	New Delhi	S	21	70	Tel Aviv	C	14	57
Belgrade	F	11	52	Dubrovnik		-	-	London	F	6	43	New York	S	1	34	Tenerife	S	21	70
Berlin	S	7	45	Edinburgh	F	3	37	Los Angeles	F	12	54	Nice	R	12	54	Tokyo	S	14	57
Biarritz	F	17	63	Faro	F	17	63	Luxembourg	R	4	39	Nicosia	C	17	63	Toronto	C	-2	28
Birmingham	S	5	41	Florence	F	15	59	Madeira	F	21	70	Oporto	R	15	59	Tunis	S	22	72
Blackpool	F	4	39	Frankfurt	R	4	39	Madrid	Dr	10	50	Oslo	F	2	36	Valencia	F	18	64
Bombay	S	31	88	Geneva	R	7	45	Majorca	S	18	64	Paris	C	4	39	Vancouver	S	-3	27
Bordeaux	R	13	55	Gibraltar	C	17	63	Malaga	F	17	63	Perth	S	28	82	Venice	S	12	54
Boulogne	F	5	41	Glasgow	F	5	41	Malta	S	22	72	Prague	F	6	43	Vienna	S	10	50
Bristol	S	5	41	Guernsey	R	7	45	Manchester	R	3	37	Reykjavik	C	-1	30	Warsaw	R	7	45
Brussels	R	4	39	Helsinki	F	3	37	Melbourne	F	21	70	Rhodes	S	15	59	Washington	F	1	34
Budapest	S	9	48	Hong Kong	S	22	72	Mexico City			-	Rio de Janeiro		-	-	Wellington	F	22	72
Buenos Aires		-	-	Innsbruck	F	3	37	Miami	S	18	61	Rome	S	17	63	Zurich	R	3	37

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

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Weekend FT

SECTION II

Weekend December 5/December 6 1992

An EC cuckoo in the Swiss clock

Nicholas Woodsworth reports on fears of national vulnerability as Switzerland goes to the polls tomorrow in a referendum on Europe

FOR THE traveller newly arrived from any of the grimmer cities of the real world, Switzerland offers a delightful prospect – escape into the unreal world of the picture postcard. Other places may need the skilled deceptions of the photographer to remake them. Switzerland requires no such artifice; wherever you look, it *is* a picture postcard.

There is something of the toy town, of the table-top maquette about the entire country. There are dolls' houses with gingerbread facades, miniature cog-wheel trains that trundle up alpine slopes as smooth as croquet lawns, petrol stations that look more like flower shows, medieval clock towers where outsize wind-up machinery ticks and whirrs and rings by the hour. Everything is clean, well-kept and neat. What happens to the sweet wrappers and empty cigarette packets that blow through the rest of the world's streets? It is a mystery. In Switzerland, they seem simply not to exist.

Wander about for a few days and you might begin to think that Switzerland exists serenely detached from the rest of the world, a Shangri-La unaffected by disturbances emanating from beyond the Alps. But this is the greatest artifice of all. Howling over the summits and passes every day now are the winds of European change – political experiment, economic adjustment, social dislocation and international realignment.

Like the celluloid veneer of a postcard photo, Switzerland's reassuring visual allure is thin. It papers over a growing Swiss anxiety and national debate about new ideals of continental integration, and about how far Switzerland should go in accepting or rejecting them. Nor is the debate a theoretical one concerned with some vague future – instability, recession and change in the outside world have already brought Switzerland, long Europe's most self-satisfied nation, troubles undreamed of since the second world war.

In the last 18 months, real growth in Switzerland has been measured in negative terms. Domestic consumption has also shrunk. Mortgage and lending rates, traditionally low, have risen dramatically. House prices have dropped by up to 40 per cent. Switzerland used to have the lowest inflation rate of the 25 Organisation for Economic Cooperation Development countries; it currently has the sixth highest. Unemployment was non-existent two years ago; today, along with a hard drug problem, it is a major social concern.

For the Swiss, the unimaginable has happened – what used to be merely other countries' problems are now becoming Switzerland's problems. Some see this only as the coming of the inevitable. "Like it or not," says Beat Arnet, assistant vice-president of the Union Bank of Switzerland, "we are already integrated with Europe". He points out that Switzerland, without resources of its own, is wholly dependent on value-added exports for its survival; almost two-thirds of Swiss exports go to the EC, more than three-quarters of imports come from the EC.

Trading with the continent that surrounds you is hard to avoid. But Arnet also notes a fundamental contradiction in the Swiss character. "It is very difficult to make the Swiss understand that our country is not an island. We think of ourselves as special. We have our own institutions, habits, and way of looking at the world. We want the advantages of trade with the rest of Europe, but really we would rather have nothing to do with it at all."

Switzerland's future direction now presents itself as concrete choice. In a referendum tomorrow, the Swiss will vote on a proposal for the creation of a European Economic Area, an act that would liberalise trade between the seven member-states of EFTA – the European Free Trade Association, of which Switzerland is a member – and the EC. Most Swiss, though, see the arrangement as more than mere market rationalisation – they believe it a first step towards full EC membership and all it implies.

Should the Swiss play the economically rational card, concede to the political norms demanded by a unified Europe, and take advantage of the undoubted benefits of doing business in a community of 380m consumers? Or should they ignore sensible economics and – at the cost of exclusion from a continental economy – maintain a long-held tradition of political isolation, neutrality and grass-roots democracy found nowhere else? It is an issue on which the Swiss are, untypically, both passionate and deeply divided.

□□□

There are many arguments suggesting that only a freer exchange of goods, services, and labour can restore Switzerland's health. These arguments are pragmatic and expressed in economic terms. They are propounded by big business, industry, the banks, government, and minority communities like the Swiss-French who, living on the outward-looking peripheries of the country, stand to benefit from stronger ties with the outside world. Their underlying thesis is clear enough: in a fast-changing world unchanging formulas of Swiss success, so long cherished, are becoming obsolete.

"Switzerland is an artificial creation, vulnerable from the outside and held together inside only by a near-sacred principle of consensus," says Antoine Maurice, foreign editor of the pro-European *Journal de Geneve*. "External changes have put heavy strains on our economy, and threatened Swiss consensus and security. For the first time in 40 years, the Swiss are questioning the instruments that brought them success."

Such questions are being asked in every sphere of Swiss life. When Switzerland emerged from the last world war with its economy unscathed, its tradition of value-added, high-tech export gave Swiss industry enormous competitive advantage over other war-torn economies. In today's post-industrial world, of course, competitive high-technology production is found around the globe. Foreign gains have become Swiss losses.

Similarly, initial post-war prosperity and stability made Switzerland the international banking and investment centre of choice, and it remained so for decades. But many developments – the growth of other financial centres equally stable and profitable, revolutions such as London's "Big Bang", offshore banking and easy access to world-wide markets and services – have all reduced Switzerland's unique appeal.

In international relations, Switzerland's primary role as a strictly neutral mediator between cold war adversaries has collapsed. If the US and the Soviet Union were once a mother and father that nourished Switzerland in a global role, they have left it an orphan. It now struggles with other international conference centres offering cheaper facilities.

Domestically, too, Swiss institutions are failing to meet modern needs. In the past, a strong sense of civic responsibility made the Swiss process of government by consensus responsive and workable. Local, cantonal and national decision-making though consensus, through committee and through a highly evolved system of referenda made every Swiss – or at least every Swiss male – a true democrat. Today, partly because of growing cynicism over a number of government scandals, only 30 to 40 per cent of Swiss regularly bother to vote.

Nor does the system respond efficiently to the speed of change Europe is seeing today – tiny minorities entitled to call a referendum can block the political process; politicians in Switzerland are still part-time and cannot devote their full energies to office; and the exhaustive popular consultative process that underlies legislation is too slow and drawn out to be effective. Both economically and politically, Switzerland's clockwork is ever more out of kilter with the world around it.

Synchronisation would return, say more outward-looking Swiss, if Switzerland threw in its lot with the rest of Europe. But arguments based on economic rationality make few inroads in Inner Switzerland, the conservative and isolationist Swiss-German heart of the country.

In its farmyards, small businesses and rural communities Brussels, unwelcome as it is foreign, is seen as a distant, imperial enemy whose bureaucratic decrees would destroy local decision-making and the

Continued on Page VIII

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The Long View/Barry Riley

Damaging your wealth

INVESTMENT regulation is having a hard time. This week's latest problems included attacks by big pension schemes on the compensation proposals of the National Association of Pension Funds; and protests by small investors in Lancashire & Yorkshire Assurance, a friendly society in a mess.

The bigger picture is that attempts by retail investment institutions and brokers to restructure their regulatory organisations into a single body, called the Personal Investment Authority, are quite likely to prove abortive. Senior industry figures are calling for a tougher statutory framework, cutting back on the self-regulatory approach.

The new investor protection framework, embodied in the Financial Services Act 1986, began as a simple way of looking after private investors following small scandals such as the Norton Warburg collapse of 1981. But it soon became complicated as the government became concerned about the Big Bang stock market restructuring, and the legislation was extended to take in professional wholesale markets as well as investment retailing. Ironically, the wholesale side works quite well, but retail regulation is a minefield.

Hard cases make bad law, and investor protection legislation is too often driven by the reflex reactions of politicians to queues of impoverished demonstrators outside the houses of parliament. Whether Barlow Clowes investors or Maxwell pension scheme members or BCCI depositors or Lloyd's Names, they will have hired the best lawyers and some pushy public relations advisers. The short-termist solution is always to give them the money. But, inevitably, there will be another queue along soon.

Somebody must accept the risk within the system. Investors who seek above-average returns must understand that they accept above-average risks. Any regulator, meanwhile, must make it crystal-clear where the limits of his responsibility lie. But there is much ignorance here. The public cannot really understand the difference between regulation and providing a guarantee. The Bank of England, for instance, operates a statutory regulation framework which assists honestly-run banks to operate more safely because they must observe certain prudential ratios and rules. On the other hand, dishonest banks can fool regulators with phoney figures, as BCCI did.

To protect the public against fraud, however, is vastly more ambitious. In the end, it can be achieved only by the imposition of a draconism rulebook; the risks will have been nationalised. To a large extent this has happened already because it is inconceivable that a major British bank would be allowed to fail.

This argument over compensation is now causing turmoil among occupational pension schemes. There is a recognition by the pensions industry that, in the wake of the Maxwell disaster, there should be a pre-emptive response to the politicians. The NAPF has sent a discussion document to members. The immediate question is: why should sound schemes bail out those that are run badly? The answer is that even good schemes will depend for their continued existence upon minimum levels of security; otherwise, they may soon have few members left.

The greatest internal protest, however, has been generated by the suggestion from the NAPF's council that there should be compensation for bad investment performance as well as fraud. There is an obvious concern that unscrupulous employers would be encouraged to adopt highly risky investment strategies.

Compensation rows are also at the heart of the financial difficulties of Fimbra, the regulator of independent financial advisers. Fimbra members have imposed a disproportionate burden on the Investors' Compensation Scheme, the industry-wide arrangement which also covers life company salesmen and stock exchange firms. Again, a subtle shift in the basis for compensation has taken place. Early claims on the scheme were dominated by the misdeeds of crooks like the jailed Robert Miller, whose victims at Dunsdale Securities received £5m. But now the emphasis is on the victims of salesmen of home equity plans, schemes which were designed to convert pensioners' house values safely into extra income during their remaining lifetimes but which, in thousands of cases went horribly wrong, putting their homes at risk. Nobody exactly ran off with their money, but the pensioners argue that they were sold unsuitable plans and should be compensated. If this principle is accepted widely by the courts, the cost could be vast.

Ultimately, this unwillingness by individuals to accept responsibility for their investment decisions could force a restructuring of the whole investment industry. Until now, the UK has been notable for the large number of its investment institutions and the rapid rate of innovation of products. But the logic now is that we will move in the direction of the German framework, in which a comparatively small number of giant institutions are dominant. Product innovation and new companies are generally frowned upon (Germany has tried to insist upon very large minimum capital requirements during the negotiations over the EC's Investment Services Directive). In these circumstances, investment clients gain great security but get poor choice and value for their money.

If we are not to go in this direction, the public must receive an education in risk. This will hardly be welcomed by the investment industry. Your shiny new car does not come with a breakdown warning. Financial health warnings are not regarded positively by life insurance marketing men. But they may provide the only way out.

In the end, we all have to accept part of the risks ourselves. To cope with them, we will have to modify our behaviour. To give you an example which the members of the NAPF will hate, it might be prudent to be a member of two or three pension schemes rather than one. Just in case.

London Markets

Watching the Weinstock indicator

By Peter Martin, Financial Editor

THREE THINGS became clear this week. The US economy is now clearly recovering. The German economy is unambiguously in recession. And the UK economy is – finally – off the bottom.

Each of these developments has important implications for the London markets. The recovery in the US, indicated by a steady flow of economic statistics over the past week, tells us that fears of a world depression are misplaced, since you can't have such a party if the Americans will not come.

Just as important, fears that the huge mountain of US debt would indefinitely muffle the impact of lower interest rates can now be seen as over-pessimistic – a conclusion that can probably be applied to the UK as well. If you cut interest rates enough, for long enough, the economy will eventually recover.

But have Britain's interest rate cuts gone far enough? Real interest rates in the UK, after all, are still positive. Base rates are three percentage points higher than the inflation rate; in the US, it took real interest rates of below 1 per cent for the best part of 1992 to produce these latest signs of economic health.

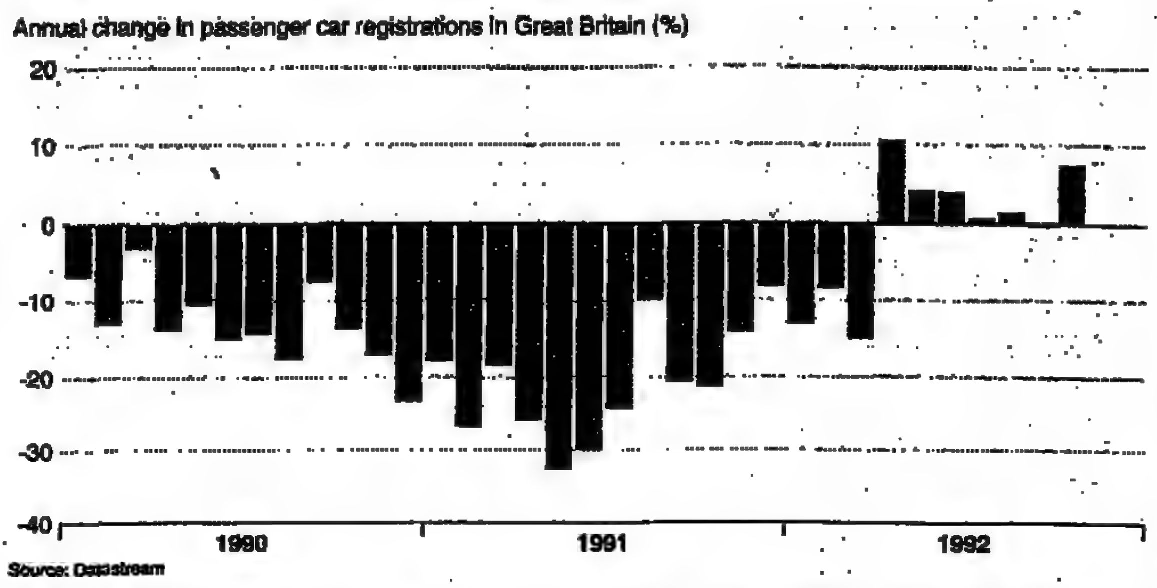
That is where Germany comes in. Thursday's economic statistics – a 1½ per cent fall in west German gnp in the third quarter, and the forecast of a 3 per cent drop in industrial output next year – make it clear that the Bundesbank will soon have no choice but to cut short-term interest rates. A three per cent pay deal for the next 18 months, agreed by the steel workers' union late on Wednesday, will speed the decision, allowing British interest rates to fall further.

The debate inside the UK government was summed up by one fund manager this week: "The Treasury experts think there is going to be a sufficiently large boost to the economy from devaluation and the cuts in interest rates we've seen already. But the man in the street does not see it yet, and the politicians are listening to the man in the street – especially if he's a backbencher." That means, he thinks, that the one-point cut in interest rates that might be prudent could well turn into a two-point cut before the man in the street has been fully assuaged.

Cheaper money in the UK will nourish the hesitant upturn now just getting under way. Green shoots of recovery are examined elsewhere in this issue of the FT; the chart shows one snapshot, the trend of car sales. Just as significant an indicator, said one FT-SE company chairman this week, was the tone of the statement that accompanied GEC's interim results on Wednesday: if Arnold Weinstock, GEC's deeply cautious boss, is talking so positively of growth and stimulus, perhaps the worst is really over.

Car sales start to recover

Annual change in passenger car registrations in Great Britain (%)



Source: Datastream

This is the background against which the FT-SE 100 index rose to within six points of the 2,800 level on Tuesday, closing the day at a new high of 2,792.0. By Friday, there had been some weakening, and the FT-SE 100 closed at 2,759.4, down 0.7 points on the week.

The performance of these big, internationally-oriented blue-chip stocks is not necessarily representative of the market as a whole, however: the FT-Actuaries All-Share index, which contains 651 stocks, is still 1 per cent or so below its high of 1326.36, reached in May this year.

You can see the pattern clearly in the daily movements of the FT-SE Mid 250, the 250 shares that lie just below the FT-SE 100 index in size. Between Monday's open and Tuesday's close, the FT-SE 100 rose by just over 30 points; but the Mid 250 rose only half as much.

That leaves the optimists to think that, although the UK market is no longer looking particularly cheap on most measures of value, there is still scope for more unwinding of the pessimism that dominated much of the year. That sentiment may already have vanished as far as blue-chip companies are concerned; but firm confirmation of economic growth may breathe a little more life into the second-tier stocks.

After all, even among big companies there is still plenty of bad news around. This week saw discouraging results from Hanson, Grand Metropolitan and Bass, and receivership for Rosehaugh, the property developer. There is scope, in the optimists' view, for a further run-up in share prices as company chairmen finally start to become more cheerful.

As long as the market doesn't come a cropper on next year's government deficit, say the pessimists. The need for the government to borrow £50bn or so in the next financial year will test the limits of the institutions' cashflow; gilt yields will consequently stay high even if short-term interest rates stay low.

That will hold down the equity market, since it will make gilt yields more attractive than those on shares. Heavy government borrowing, and perhaps a new spate of rights issues, will soak up cash that might otherwise have gone into equities. Fund managers have little money in reserve: institutional liquidity in the third quarter was down to 3 per cent, compared with a long-term average of 5 per cent and a figure of 9 per cent a few years ago.

This debate is leading to estimates for the FT-SE in the early part of next year that range from 2,700 – implying that the market is now heading down – to 3,250, a rise of nearly a fifth.

The merits of individual shares play little part in this elaborate calculus, something that must be giving Alan Sugar, the chief executive of Amstrad, food for thought this weekend. Since September 23, when Sugar first mentioned the price he would be prepared to pay for the shares in Amstrad that he did not already own – 30p – the FT-SE has risen 7 per cent.

Perhaps not surprisingly, the early results of the shareholders' ballot indicate that Sugar is having difficulty in getting the votes he needs to achieve the deal. He is hoping for a late flood of support.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2759.4	-0.7	2760.1	2281.0	Profit-taking pause
FT-SE Mid 250 Index	2661.2	+33.6	2825.8	2157.8	Attention switches to 2nd-line stocks
Alexon	97	-26	382	91	Profit warning
Euro Disney	683	-85	1693	680	Paribas/Goldman Sachs downgrade
Fisons	222	+12	403	143	Speculation on disposals
Granada	335	+39	345	192	Good results
Grand Metropolitan	420	-27	518	360	Disappointing results
HSBC	469	-54	570	236	Hong Kong exposure
Lucas Inds	134	+12½	153	77	Bid speculation
Next	135½	+8	139½	57	Retailers recover
Rolls-Royce	105	+9	176	89	County "buy" recommendation
Scottish & Newcastle	401	-26	478	380	Bass warns of weak northern market
Standard Chartered	528	-29	576	364	Hong Kong political worries
Tiphook	309	+40	478	214	US buying
Trafalgar House	84	-10	165	39	Dividend worries

Serious Money

Societies head for minefield on rates

By Philip Coggan, Personal Finance Editor

HOW WOULD you like your building society to judge your life style? That became a real possibility this week as the Bristol & West revealed it was considering plans to charge different rates for new mortgages depending on the applicant's age and family status. This could make a difference of up to 4 percentage points in the mortgage rate paid by borrowers.

In a move that might have been designed by Vice-President Dan Quayle, Bristol & West's criteria are likely to favour the traditional nuclear family with two children over young, unmarried adults.

The reason behind the possible change is the society's bad debt problem. B & W has found that unmarried couples are 50 per cent more likely to fall in arrears than married ones. Couples without children are a future risk because their finances deteriorate quickly once they start a family.

Older people are thought to be a better risk because they have had time to demonstrate a sound repayment record and also, perhaps, because their attitude differs from the young – of whom B & W's chief executive, Tony FitzSimons, says: "There is a generation that does not have the thrift mentality and does not fear losing their homes."

There is already some differential pricing in the mortgage market. Some societies offer lower rates to those borrowing over a certain amount; others restrict special offers to loans representing less than a given percentage (say 80 per cent) of a house's value. The amount you can borrow is, of course, linked to your income level.

Such "social" discrimination that has occurred to date has been only to exclude certain borrowers (those with a poor credit record, or lack of a steady job) rather than to charge differential rates.

The principle is commonplace in the small business market, though. Other things being equal, a bank would much rather lend money to Tesco than to Fred the Grocer.

Fred has to pay a higher interest rate to the bank to compensate for the greater risk involved in lending to a small business.

And, in a free market, it might seem entirely reasonable for B & W to adopt whatever lawful lending practices it desires. Indeed, it has a responsibility to its members to lend money prudently so that the rates paid to savers are not depressed unduly.

It also sounds reasonable that those borrowers who do pay promptly and regularly should not be forced to subsidise those who are not so reliable. But these are murky waters.

'The free market argument does not really exist in this area'

Discriminating between the married and the unmarried is one thing – but what if analysis of lending patterns were to show that Baptists were poorer risks than Anglicans? Or if one national group (let us say, Andorrans, to reduce the potential for hate mail) were found to be poorer payers than another?

Would building societies then charge a higher rate on the basis of religious preference or geographical origin?

Good free-market principles would state that lenders ought to be able to charge what they like. But the law would simply prevent any building society from discriminating on these grounds. So, we can dismiss the free market argument; it does not really exist in this area.

Instead, we should consider whether a system such as that proposed by B & W would, in fact, be discriminating against groups which the law does not protect.

One obvious example is homosexuals. B & W's references to young, unmarried adults sounds suspiciously, to an outsider, as code for this group.

The society says it has no such intention and that, whatever scheme it eventually devises, it would have to be "broadly acceptable in the mortgage marketplace."

It is, however, easy to see how apparently pure financial criteria could have discriminatory overtones. If, for example, single-parent families were to have poor repayment records (for understandable reasons), a lender might feel justified in charging such people more. But more women fit into this category, so such a policy would have the effect of discriminating on grounds of sex.

This might not be too serious if B & W were the only lender operating this system; those who felt excluded could simply move to another building society. But if differential pricing were to spread across the mortgage market, this could create a significant civil liberty issue.

John Wriglesworth, building society analyst at UBS Phillips & Drew, feels that some form of differential mortgage pricing will appear in the 1990s. Building societies have had so many problems with bad debts that it is the logical course.

"I will forecast, quite confidently, that discounts for larger loans will vanish within a year because they have proved more risky," he says.

The societies will need to be very careful, however. Pricing a loan on the basis of a customer's credit record is fair enough; pricing on the basis of social stereotypes drawn from generalised statistical analysis is another matter, with many disturbing moral and legal implications.

AT A GLANCE

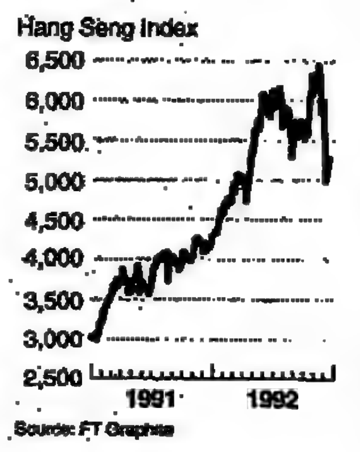
UK house price index

Qtr.1-1983 = 100

Source: Nationwide Building Society

Hong Kong

Hang Seng Index



Source: FT Graphite

Housing prices distorted by stamp duty holiday

Building societies produced conflicting indicators on house prices last month. According to Halifax, UK house prices rose by 0.1 per cent in November, while Nationwide had prices falling by 2.0 per cent in the same period.

Both agreed that the artifical boost to transactions in August caused by the stamp duty holiday had distorted the market.

Halifax sees housing prices remaining stable during 1993 with possible rises at the end of the year, providing there are clear signs of a general economic recovery.

Nationwide concurs, saying: "In these circumstances a stabilisation of house prices seems very likely; increased confidence in the economy would help sustain a return to more normal patterns of activity."

Hong Kong bargain hunters out

Investors in Hong Kong could be forgiven if they lack democratic fervour. Governor Chris Patten's plans to forge on with democratisation, and the resulting war of words with Beijing, have exerted a heavy toll on share prices in Hong Kong and the rest of the Far East.

On Tuesday the Hang Seng fell 5 per cent – its worst since August 1991 – following a drop of 3 per cent on the previous day. Then on Thursday it fell another 8 per cent, its worst day since the Tiananmen square massacre in 1989. But yesterday the bargain hunters emerged, and share prices rose 5.8 per cent – the largest single day gain for more than a month.

Capital bond remains open

Scottish Amicable's Capital Guarantee Bond remains open until December 14. This represents a step forward for guaranteed products, since it offers income reinvestment, rather than simple growth. Investors are guaranteed, over five years, either the growth in the FT-SE 100 Index (including dividend income) or their money back over five years.

However, the indexation applies to the bid value of the units and there is a bid-offer spread of 5 per cent. The allocation rate is 96 per cent, although this can be enhanced to up to 98 per cent by investing greater sums. As a consequence, the amount of your sum which is indexed could be as low as 91 per cent.

Irish Life's third growth issue

Irish Life has launched a third issue of its guaranteed growth account. For those investing between £2,000 and £24,999, this guarantees to return a minimum 108 per cent of the original investment after five years; anyone investing over £25,000 gets a pledge of a minimum 112 per cent.

The money goes into the company's managed fund and performance will depend on the success of Irish Life's managers; there is no linking to a particular stock market index. Withdrawals can be made during the five-year period but the guarantee will not apply to funds withdrawn.

Cheer for smaller companies

The Hoare Govett smaller companies index (capital gains version) was up 1.15 per cent at 1122.54, and the County NatWest smaller companies index up by 0.97 per cent at 866.01 on Thursday. But John Houlihan, of Hoare Govett, still cautions against over-confidence. He says: "Each recession grows its crop of corporate zombies and the current one is set to be more fruitful in that regard than most."

Wall Street

Brokers eye recovery with suspicion

LIKE a thrifty car buyer cautiously eyeing a second-hand model with suspiciously few miles on its clock, the US stock market is in no hurry to buy the latest economic recovery.

In normal times, yesterday's November employment report showing a big rise in non-farm jobs and a handy decline in the national unemployment rate would be a cause for celebration among equity investors.

What could be more pleasing than the sight of an economy building up a head of steam, just in time for the arrival of a new president who has pledged to correct long-term structural weaknesses in the economy with a healthy dose of public spending?

This market, however, is reluctant to herald the new economic dawn, having made the mistake of proclaiming a recovery when the Gulf war ended in the spring of 1991 only to see it disappear like a desert mirage a few months later.

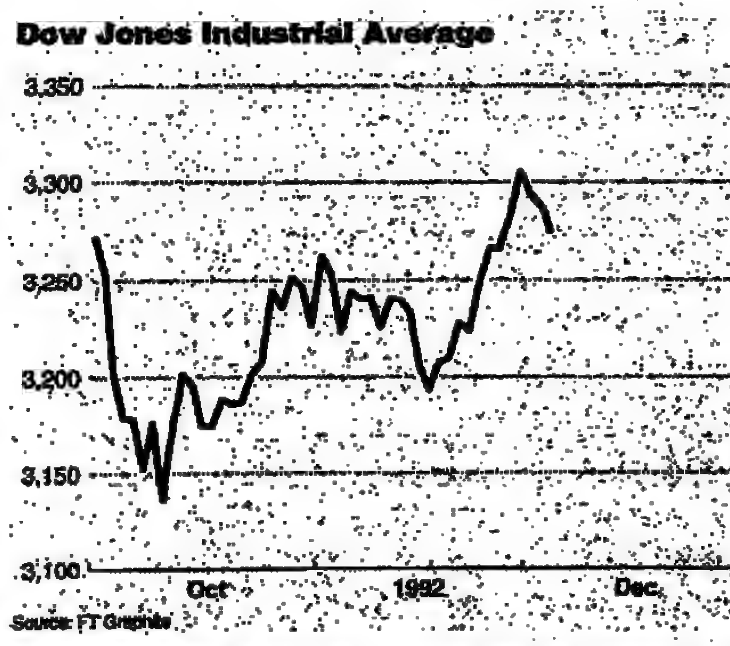
Admittedly, there has been some strong buying of secondary stocks – the Nasdaq composite index has risen 9 per cent since election day to a succession of record highs.

Yet, over the same period the Dow Jones Industrial Average has hardly budged, and although the Standard & Poor's 500 has broken through to an all-time high, during the past month it has gained only 3 per cent.

Yesterday morning's market performance typified the pattern of the past month. The Nasdaq continued to strengthen as investors sought out growth stocks, the S&P 500 posted only a modest advance, while the Dow barely moved. This in spite of news of a 105,000 increase in November non-farm payrolls and a 0.2 percentage point drop in the unemployment rate to 7.2 per cent. Both figures were considerably more bullish about labour market conditions than analysts had expected.

In some respects, equity investors are behaving more like bond investors. Their cautious embrace of the recovery reflects a concern that the combination of a reviving business cycle and fiscal stimuli from a new government could quickly lead to an overheated economy, one replete with rising inflation and rising interest rates.

Dow Jones Industrial Average



Source: FT Graphite

To make matters more confusing, the long end of the bond market rose yesterday following the jobs data, defying conventional wisdom that good economic news is bad news for long-term Treasury investors. Bond prices firmed because investors believe the strengthening economy will persuade President-elect Bill Clinton that his aggressive stimulus package of public spending and middle-class tax cuts is no longer needed, at least not on the scale originally envisaged.

Much depends on how Clinton responds to yesterday's job figures. Until now, he has welcomed each sign of economic recovery, but also warned that structural deficiencies in the economy still need to be addressed.

At the same time, however, sources in the Clinton camp have privately admitted that the incoming Democratic administration may tone down some of its more ambitious spending plans if the recovery maintains its current pace. If the new President does eventually decide to keep his foot off the fiscal accelerator next year, the stock market may then get what it most wants – relatively inflation-free economic growth.

On the corporate front, one company finally facing up to its own structural deficiencies is General Motors. As part of a programme aimed at shrinking capacity to fit declining domestic demand, the car maker announced on Thursday plans to close nine more north American plants that employ 18,000 staff, and dispose of 14 per cent of its car components operations.

GM unveiled its cost-cutting plans on the same day that official data showed that car sales are at their highest in nearly two years, but that GM's share of the US market is shrinking. In spite of the figures, investors seem to welcome GM's long-awaited restructuring, and the company's stock rose more than 4 per cent over the week to $33⅝.

The large regional bank NationsBank was the subject of extraordinary trading activity this week when 28m shares changed hands in just one day. The huge volume was related to NationsBank's decision to offer shareholders the option to receive stock at a 5 per cent discount instead of a cash dividend on their shares.

The market's biggest trading houses swarmed around NationsBank's stock like sharks at a feeding frenzy, because by using complex arbitrage strategies they could profit handsomely from the dividend reinvestment programme. Thus a policy aimed at encouraging the little fish to invest more in a company only served to leave the big fish a little fatter.

Monday	3306.16	+ 22.96
Tuesday	3294.36	– 10.8
Wednesday	3286.25	– 8.11
Thursday	3276.53	– 9.75

The Bottom Line

Now it's over to the shareholders

A CHALLENGE was thrown out to shareholders this week with the launch, to much City fanfare, of the final report of the committee on the financial aspects of corporate governance, chaired by Sir Adrian Cadbury. Some of its recommendations for improved standards in the boardroom might seem remote and irrelevant to private investors. But Cadbury places great importance on their role and says the report sends them "a message of encouragement."

At its heart is a code of best practice which calls for strong, independent, non-executive directors; the existence of audit and remuneration committees; effective internal controls; and a statement that the company is a going concern. Shareholders will be able to assess how well companies comply because, from June, all will be required by the Stock Exchange to produce a statement in their annual report. They must say if they conform with the code and detail any divergences.

Parts of the code also will be verified by the company's auditors. Other parts, and a series of good practice guidelines, will not be scrutinised but will provide a check-list for progressive governance. These include suggestions that there should be at least three non-executives on every board; that non-executive directors should dominate the audit committee; and that the chairman of the remuneration committee should be available at the AGM to answer questions.

The planks on which the report is based are to provide sufficient disclosure, so that all those with a legitimate interest in a company have the information they need to exercise their rights and responsibilities while providing checks and balances to prevent undue concentrations of power in the boardroom.

Shareholders might question what significance this all has for them. The link between corporate governance and corporate performance is far from clear-cut. Some of Britain's more successful companies have been driven by a dominant chief executive. Others have failed while, on paper, appearing to comply with the letter of the code.

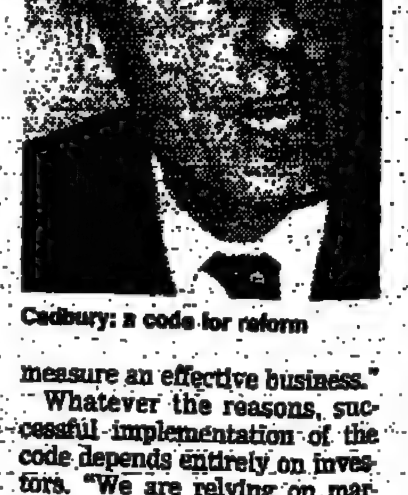
The code calls for changes to directors' pay

Cadbury believes, however, there is a strong economic incentive to get involved. "I'm sure it will have an impact on the share price," he says. If nothing else, this will come from the emphasis in the code on effective internal controls – something which, he says, the committee found lacking in many companies.

There is also a more direct impact. The code calls for changes to directors' pay. It says there should be greater disclosure, and that increases should be approved by a remuneration committee composed mainly of non-executive directors. There is also a moral justification for taking governance issues seriously, of course; that shareholders have wider responsibilities as owners of the company by law. As a result, they should consider issues other than simply capital growth and dividends, such as the treatment of employees and pensioners.

The passive response to the code by investors would be to ensure compliance before buying a company's shares, or to sell existing holdings if there was no sign of improvements being made to meet its requirements. Cadbury would prefer a more active response, with shareholders – most notably the institutions – agitating for change. He suggests tactics such as letters to the chairman, and questions at the annual general meeting.

But he is more bullish. "Individual shareholders have more ability to influence than they perhaps think," he says. "If they have a sensible point to make, nobody likes to be in a position to have done nothing about it. Intelligent intervention will have an effect. The code provides you with an agenda. Make use of it and raise the points in it. These are tests against which you can measure an effective business."



Cadbury: a code for reform

Whatever the reasons, successful implementation of the code depends entirely on investors. "We are relying on market forces to turn our recommendations into action," Cadbury says. If, when the committee reconvenes in two years, the market is judged to have failed, statutory regulation might be the only alternative.

Andrew Jack

Why savers are now facing a zero return

***Scheherazade Daneshkhu** looks at the returns you are getting from building society accounts in the light of base rate cuts*

SAVERS with cash in the building society used to have a rule of thumb to calculate their annual interest payments by dividing their deposit by 10.

The frequency of base rate cuts will have escaped few investors. But the degree to which new rates have eroded savings rates is taking longer to register.

The tables show what the top ten building societies, which most savers use, are paying at the moment. Those who depend on building society deposits for income may well have seen their returns cut by half over the past two years. A survey carried out by Save & Prosper last month, before the last base rate cut to 7 per cent, showed that 37 per cent of those with an instant access account believed the rate of interest they were earning was between 7 to 9 per cent net, when the true rate was between 4 to 5 per cent net.

Halifax's main instant access account shows three phases of double digit gross investment rates during the 1980s. These were from July 1978 to November 1982, from February 1985 to November 1987 and from September 1988 to October 1991.

The real return to the investor differed enormously during the three periods because of the rate of inflation.

The graph shows the real, and after tax, returns on £10,000 invested in a Halifax instant access account since January 1 1978. For most of the first phase of double digit investment rates, the real return to basic rate and higher rate taxpayers was negative.

The annual inflation rate was 13 per cent for 1979, 18 per cent for 1980 and 11 per cent in 1981; the highest investment rate reached during the period was 15 per cent.

During the second phase, from February 1985 to November 1987, however, inflation rates were low. Annual inflation rates were 6 per cent in 1985, 3.4 per cent in 1986 and 4.1 per cent in 1987.

The combination of these relatively low rates of inflation with high base rates (between 14 per cent and 9 per cent during the same period) allowed basic rate taxpayers, in particular, to earn an average real rate of 4 per cent on their building society deposits during that period. Higher-rate taxpayers fared less well, earning real returns of 1.2 per cent during the period of positive returns from February 1986 to June 1987.

Relatively high rates of inflation of 7.8 per cent and 9.5 per cent in 1989 and 1990 again dented real returns during the third phase from September 1988 to October 1991, in spite of base rates being well over 10 per cent for most of the period. The average real return to basic rate taxpayers was 1.4 per cent during the period. Higher rate taxpayers mostly received negative returns.

Indeed, the graph shows that, on £10,000 at least, a building society instant access is rarely a good investment for higher-rate taxpayers in real terms. Higher-rate taxpayers received an average real return in only four years since 1978 – in 1986, 1988, 1991 and 1992.

This shows the importance of taking inflation into account when looking for returns. Base rates are expected by some analysts to fall by another percentage point in the near future. Building societies would then once again drop rates for savers. While the housing market is weak, building societies have been keener to pass on the benefits of lower base rates to borrowers rather than savers.

But the balance may soon be tipping, particularly if there is a revival in the housing market and demand for mortgages rises. "If there is another base rate cut, the lenders may not follow it right down because of their savers," said Gill Colver of Cheltenham & Gloucester.

The tables show current savings rates on both instant access accounts and 90-day notice accounts at the top 10 building societies which together hold more than 80 per cent of total building society savings.

Some of the smaller building societies may also be offering higher rates but the tables show that there is a considerable difference in the returns offered within the top 10 itself. This is partly because of the wide difference in size, assets and branch presence between the top 10.

Halifax, the largest building society, held £58.7bn of assets at the end of 1991 and had 8.7m shareholders, while Bristol & West, the tenth largest society, had £7.1bn of assets and just over 1m shareholders.

These differences influence the lending and savings culture of the institutions. For example, the top five building societies with their large high street presence do not have postal accounts, while Cheltenham & Gloucester, Bradford & Bingley, Britannia and Bristol & West all have postal accounts offering highly competitive rates of interest.

Bristol & West's Balmoral postal account, pays the highest rate on an instant access account and also beats most of the 90 day accounts, though its rates are under review. It is paying 9.10 per cent gross on £5,000 in an instant access account compared to 4.8 per cent gross on Woolwich's Prime Gold account.

If inflation continues to fall, and investment rates are not cut unduly, savers may not see much of a difference to their returns in real terms. This is of little comfort to retired savers who will see nominal incomes fall while prices rise.

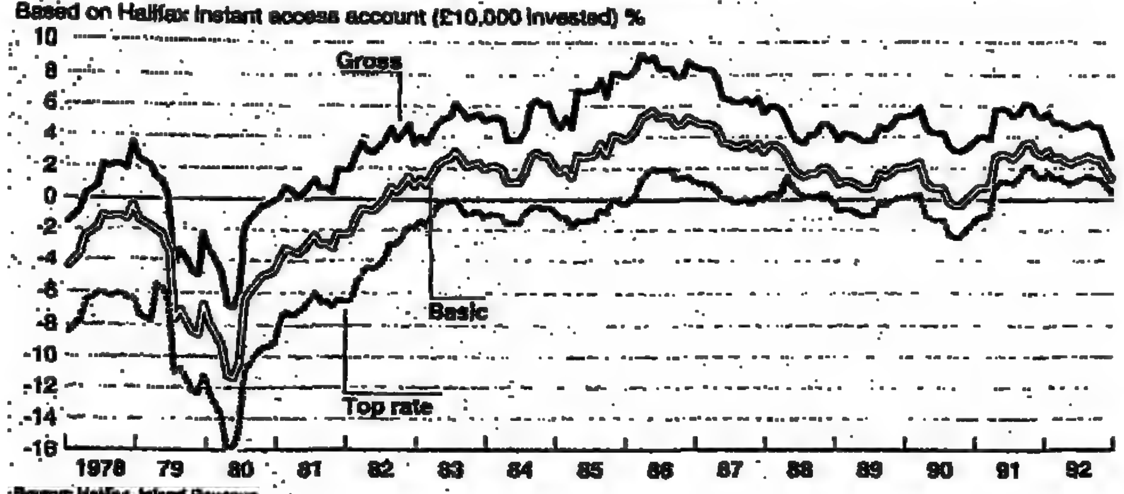
In any case, the graph shows that real returns for basic rate taxpayers are much lower than the 1986 peak and on the verge of becoming negative again for higher-rate taxpayers.

Low real interest rates at the building society indicate it is time to diversify by using other investments, such as index-linked gilts and equities to protect against inflation.

■ *Statistical research for graph by Ewan MacDonald*

Real return on building society savings

Based on Halifax instant access account (£10,000 invested) %



Source: Halifax, Inland Revenue

Instant access rates

Building society	Account	£5,000 gross	£5,000 basic	£5,000 higher	£10,000 gross	£10,000 basic	£10,000 higher	£25,000 gross	£25,000 basic	£25,000 higher
Halifax	Instant Xtra Plus	5.25	3.94	3.15	5.60	4.20	3.36	6.15	4.61	3.69
Nationwide	Cashbuilder	5.10	3.83	3.06	5.50	4.13	3.30	6.20	4.65	3.72
Alliance & Leicester	Instant Access	5.20	3.90	3.12	5.35	4.01	3.21	5.65	4.24	3.39
Woolwich	Prime Gold	4.80	3.60	2.88	5.80	4.35	3.48	6.30	4.73	3.78
Leeds Permanent	Liquid Gold	5.40	4.05	3.24	5.90	4.43	3.54	6.35	4.76	3.81
Cheltenham & Gloucester	London Share*	7.00	5.25	4.20	7.00	5.25	4.20	7.00	5.25	4.20
Bradford & Bingley	Direct Premium*	7.35	5.51	4.41	8.05	6.03	4.83	8.20	6.15	4.92
National & Provincial	Instant Reserve	5.25	3.93	3.15	5.75	4.31	3.45	6.25	4.68	3.75
Britannia	Capital Trust*	8.60	6.45	5.16	8.60	6.45	5.16	8.60	6.45	5.16
Bristol & West	Balmoral*♣	9.10	6.83	5.46	9.10	6.83	5.46	9.20	6.90	5.52

** Postal Account ♣Rates under review*

Banking complaints soar

***Scheherazade Daneshkhu** considers the ombudsman's 1992 report*

LAURENCE Shurman, the banking ombudsman, was deluged by more than 10,000 complaints in the year to September 1992 – a 62 per cent increase on 1991, which itself was up 60 per cent on the previous year.

Shurman said the rise was due to the effect of the recession on customers as well as greater awareness of the ombudsman scheme.

Banks recently have faced criticism for failing to pass on fully the benefits of interest rate cuts, and for charging small businesses too much – and complaints about charges headed the 1992 list, accounting for 19.2 per cent of the total.

In his report, though, Shurman said customers' expectations were too high. "Free banking services are no more possible than free lunches," he declared. "At the end of the day, the banks have to generate more income than expenditure in order to survive."

Many complaints were from those annoyed they had been left in accounts no longer open to new business, or had not been told they would earn a higher rate of interest in a different account. But Shurman said banks were not usually under an obligation to advise their clients to do this.

Instead, the investor "has a responsibility to be vigilant to ensure that his or her investment remains competitive, both in relation to what is on offer elsewhere from other banks and institutions and in relation to other accounts available at the investor's own bank."

He added, however, that if the bank could be found to have breached its own conditions or to have made a mistake, a complaint could be upheld.

He cited a case where a bank issued a customer with a gold card, entitling him to an overdraft of £6,000 at not more than an annual 2.5 per cent above the bank's base rate. When he took up the overdraft, he found he had been charged at the bank's higher managed rate.

The ombudsman found that although the bank had the right to vary its base rate, it was not entitled to replace this with the managed rate. The bank was obliged to refund the excess above 2.5 per cent to the customer.

Lending policy accounted for 14.2 per cent of the complaints and automatic teller machines for another 8.7 per cent.

Laurence Shurman

Many of the ATM complaints were about "phantom withdrawals" where the customer finds money removed through the cash point machine but does not remember doing so himself. On this, Shurman commented: "There has been a lot of talk about ghost withdrawals, but we have not found any evidence.

"What we have found is a great deal of fraud, often by someone known to the complainant – a friend, family member or workmate."

The increase in plastic card fraud, which cost banks at least £166m last year, is a growing problem and Shurman suggested the banks could do more to combat this by introducing photographs on cards and installing videos at cash machines. But he expected the number of complaints about ATMs to fall with the new £50 limit – introduced by the code of banking practice – on a customer's liability in cases of stolen cash cards.

Although only 956 of the 10,109 preliminary complaints were investigated, this was an increase of 28 per cent on the 746 cases examined the year before. Shurman said he had needed to examine proportionately fewer cases because the banks were themselves becoming more successful at settling complaints.

Of the fully investigated complaints, 36 per cent were about ATMs, followed by cheque guarantee cards (10 per cent).

More than a third of the 772 fully investigated cases resulted in compensation for the customer. This ranged from £100 to £10,000.

90 day accounts

Building society	Account	£5,000 gross	£5,000 basic	£5,000 higher	£10,000 gross	£10,000 basic	£10,000 higher	£25,000 gross	£25,000 basic	£25,000 higher	£50,000 gross	£50,000 basic	£50,000 higher
Halifax	90 Day Xtra	5.35	4.01	3.21	6.15	4.61	3.69	6.55	4.91	3.93	6.85	5.14	4.11
	Premium Xtra*		-		7.75	5.81	4.65	8.10	6.01	4.86	8.40	6.30	5.04
Nationwide	Capitalbuilder	5.30	3.98	3.18	6.35	4.76	3.81	6.80	5.10	4.08	6.90	5.18	4.14
Alliance & Leicester	Ninety Day	5.35	4.01	3.21	6.15	4.61	3.69	6.65	4.99	3.99	7.15	5.36	4.29
	Bonus 90*	6.00	4.50	3.60	6.85	5.14	4.11	7.25	5.44	4.35	8.00	6.00	4.80
Woolwich	Prime Gold♣	4.80	3.60	2.88	5.80	4.35	3.48	6.30	4.73	3.78	7.05	5.29	4.23
Leeds Permanent	Solid Gold	5.70	4.28	3.42	6.50	4.88	3.90	7.25	5.44	4.35	7.80	5.85	4.68
Cheltenham & Glouc	London Deposit#	9.10	6.82	5.46	9.60	7.20	5.76	10.00	7.50	6.00	10.00	7.50	6.00
Bradford & Bingley	Option 3	5.60	4.20	3.36	5.60	4.20	3.36	5.60	4.20	3.36	5.60	4.20	3.36
National & Provincial	Private Reserve	5.50	4.12	3.30	6.25	4.68	3.75	6.75	5.06	4.05	7.00	6.79	4.20
	Invest' Reserve**		-		6.20	4.65	3.72	6.50	4.88	3.80	6.75	5.06	4.05
Britannia	Index Linked♣♣	8.10	6.08	4.86	8.10	6.08	4.86	8.10	6.08	4.86	8.10	6.08	4.86
Bristol & West	High 30	5.40	4.05	3.24	6.10	4.58	3.66	6.80	5.10	4.08	7.10	5.33	4.26

**Excludes bonus 0.25 per cent gross if no withdrawals of capital made by anniversary of account ♣Instant access account. Woolwich does not offer a 90-day account #Postal account, access only on 7 days loss of interest. **Excludes bonus of 1.5 per cent gross if no withdrawals of capital made; bonus paid June 1 annually ♣♣ Account pays 4.5 per cent gross at least above retail price index; operates as 90 day account.*

Savings products

THE NEW range of National Savings products goes on sale on Monday. Although rates have fallen, investors may still find some of the offers attractive.

The 6th issue of index-linked certificates offers a lower level of inflation protection over five years than the 5th issue – 3.25 per cent per annum over the RPI tax-free, against 4.5 per cent.

However, the 6th issue does offer better indexation in the early years. Certificates sold after one year, for example, will receive the rise in the RPI plus 1.5 per cent tax-free. The old 5th issue paid just the rise in the RPI.

If one were to assume that inflation continues at its current rate of 3.6 per cent for the next year, then the certificates would pay 5.1 per cent. That equates to 6.8 per cent for the basic rate taxpayer, or 8.5 per cent for a top rate payer. As Scheherezade Daneshkhu's article above shows, those returns would be better than many on offer from the top building societies.

In the second year, the 6th issue pays inflation plus 2 per cent; year three, inflation plus 2.75 per cent; year four, inflation plus 3.75 per cent; and in the final year, inflation plus 6.32 per cent.

The other new products on offer are: the 40th issue of fixed interest certificates, which pay a tax-free 5.75 per cent per annum compound if held for five years; series G capital bonds which pay a taxable 7.75 per cent also for five years; and issue E of children's bonus bonds, which pay a tax-free 7.85 per cent, again if held for the full five years.

Philip Coggan

FINANCE AND THE FAMILY

Understanding your council tax bill

Scheherazade Daneshkhu considers the new burden for householders

THE POLL tax will finally die on March 31 next year and will be replaced by the new council tax from April 1.

The new tax aims to be fairer than the unpopular poll tax by taking into account the value of the property in which householders live. It will no longer be levied on the number of people living within one home but on each "dwelling", so each household will receive only one bill.

■ **How is the bill worked out?** The estimates of property values have been carried out by the Valuation Office Agency, part of the Inland Revenue. There are eight valuation bands, which differ for England, Scotland and Wales, and are shown in the table. The value is based on the amount the property would have fetched had it been sold on April 1, 1991.

The government this week sent lists of the draft valuation banding for each house to all local authorities.

Householders can contact their local authority, to discover the band their home falls into, though some may be slower than others in delivering this information. However, householders will not know for sure how much they will be paying until March next year, when local authorities set their budgets.

This is because it is up to individual councils to set the level of charge for each household, and that will be influenced by their own spending.

■ **Grounds for appeal** Michael Howard, the environment secretary, said this week that the government is expecting almost one million people to appeal against the level of their council tax bill.

Many people are likely to disagree with the valuation given to their home, particularly if it falls at the edges of a band because of the fall in property prices since last year. But the Department of the Environment will not regard this as grounds for appeal. It says that even though the valuation is based on the market price of the home in April 1991, "a general fall or rise in house prices will not in itself give grounds for appeal."

The main grounds for appeal are:

■ if your bill is evidently wrong. For example, your house may be worth less than £40,000, yet you find you have been put into band G;

■ your home decreases in value because part of it has been demolished;

■ the house has been adapted for a disabled person;

■ the property has been divided into separate dwellings since the valuation was carried out and this has escaped the government's notice.

■ if you stop or start using part of your home for business purposes.

■ **Exemptions** The council tax bill assumes that two adults live in each home. If you are a single person, you will be eligible for a discount of 25 per cent. If you own two homes, the council tax on your second home is halved.

Those who are completely exempt from the council tax include:

■ full-time students;

■ resident hospital patients;

■ people who are severly mentally impaired;

■ careworkers on low pay working usually for charities

■ 18 and 19 year olds who are at, or have just left, school.

If you are sharing your home with someone who falls into the exempt category, your council tax bill will be reduced by 25 per cent – the size of the single person's discount.

Households which include a disabled person will normally fall into a band below that of their valuation.

■ **How to appeal** You cannot appeal against the council tax bill until April 1 1993, and the deadline is November 30 1993.

If you think your house has been put into the wrong valuation band, write to the Listing Officer at the local office of the Valuation Office Agency. The Department of the Environment says it expects most appeals to be sorted out quickly but if agreement is not reached within six months, the case will be referred to a valuation tribunal.

You will not be liable for these costs but you will have to bear the costs of supporting your case, such as getting an independent valuation for your home. In some cases, the cost of the valuation might be more than the difference in council tax payments of dropping to a lower band.

If you think you are entitled to a discount or are receiving bills which should be directed to someone else, write to your council. It should give a decision within two months and if, you disagree, or there is a longer delay, you can appeal to a valuation tribunal.

The government says you should pay the council tax bill you are challenging and if you win an appeal, the local authority will rebate the amount owed to you.

There are three free pamphlets on the Council Tax: A Guide to the Tax; Valuation and Banding; Liability, Discounts and Exemptions. Write to Council Tax Publicity Material, PO Box 506, London SE99 7UY. A separate pamphlet – How to Appeal – will be issued later this month.

VALUATION BANDS FOR COUNCIL TAX

Band	England	Scotland	Wales
A	under £40,000	under £27,000	under £30,000
B	£40-52,000	£27-35,000	£30-39,000
C	£52-68,000	£35-45,000	£39-51,000
D	£68-88,000	£45-58,000	£51-66,000
E	£88-120,000	£58-80,000	£66-90,000
F	£120-160,000	£80-106,000	£90-120,000
G	£160-320,000	£106-212,000	£120-240,000
H	£320,000 plus	£212,000 plus	£240,000 plus

Source: Valuation Office Agency

An uncertain outlook for dividends

John Authers considers investment in UK equity income unit trusts

UK EQUITY income funds seemed at one point to offer a one-way bet. As their name suggests, they offered a higher income than rival equity trusts aiming for capital growth. But statistics showed that, if income from these trusts was re-invested, they would grow more than growth funds.

Over long terms, this relationship still holds good, but over shorter periods, the returns from the two sectors are closer. According to Micropal, the average UK equity income unit trust has increased by 370.48 per cent over 10 years to December 1, while the average growth unit trust has grown 268.54 per cent.

But taken over three years, growth funds show 6.26 per cent growth, while income funds show growth of 6.33 per cent. Over one year, the figures are 2.93 per cent and 3.02 per cent respectively.

The reason for this is the "yield effect". Income funds, aiming for a high distribution to unit holders, select companies with a high yield – where their dividend represents a relatively high proportion of the share price.

Such companies are often small, and the share prices of small companies, during the 1980s' bull market, tended to out-perform. Income funds out-performed with them.

However, high-yielding companies are also more speculative. The yield is high because the price is depressed as traders tend to be more wary about the company's prospects. Those who buy high-yielders are thus betting that traders are wrong.

Income funds thus became "bull market" plays. While the economy boomed and companies were producing better-than-expected profits, they out-performed. When the economy slowed, income funds were badly affected.

The recession has caused many UK companies to cut their dividend payments, and this has had a knock-on effect on income funds. According to Income Fund Analysis, of Llandudno, Gwent, 16 of 27 income funds monitored reduced their distribution last month, while one remained unchanged and ten increased.

This may diminish the appeal of the funds just when the difficulty of getting a worthwhile yield from cash deposits might tempt investors back into equities. According to Nigel Legge of James Capel: "If the economic recovery takes hold, recovery in dividends will be slower than the recovery in profits because companies want to rebuild their dividend cover."

However, the advent of personal equity plans, which allow income funds to pay distributions free of income tax, means many funds may still look attractive. Investors should not get too excited, but the tax-free yields of six per cent or more on offer from income unit trust Peps would be hard for top-rate taxpayers to match in deposit accounts.

The target yields of income unit trusts vary. Some, such as James Capel Income, have very precise targets for their yield (125 per cent of the yield on the FT-A All-Share index), which preclude them from trying any broader strategies aimed at capital growth. Others have a less precise yield target, and effectively aim for total return (capital gain plus income).

Those who are investing just for income should be aware of this. According to Micropal, six "income" funds are yielding less than four per cent, with Gartmore UK Equity Income the lowest at 3.18 per cent. The FT-SE 100 Index is presently yielding around 4.38 per cent.

Most funds have yields greater than the index. The highest, 11.96 per cent, is Exeter's high income fund. This invests in the income shares of split-capital investment trusts, and is technically a different proposition from conventional trusts. The chances of capital growth are slim compared with other income funds.

Indeed, capital growth might well be a problem across the sector. The ground rules for investing for income have changed since the end of the 1980s bull market.

Jonathan Powell, manager of Newton Income, the top performer over five years, says: "There are two schools of thought. One is that we must ensure that the dividend stream grows over the years by investing in high-yielding stocks. There's a second school of thought which says the only way in the medium term to safeguard your income in real terms is to guard your capital base. We strongly adhere to the second school."

At present, Newton Income is heavily invested in convertibles, utilities and overseas earners. Buckmaster Income, second in the sector over five years with growth of 94.43 per cent, has a similar approach. According to Tim Gregory, the fund's manager, this was achieved by taking a very defensive position after the Gulf war and buying fixed-interest convertibles.

This has given them the strength to buy stock in companies which have already cut their dividends, but remain on a high yield – Gregory cites BPB. Out-performance is possible, but the winning strategy appears to be defensive.

N&P UK Income and Capability Income & Growth, both managed by Capel-Cure Myers, are first and second in the sector over 10 years, with increases of 609.5 per cent, and 525.69 per cent. But over five years they stand 63rd and 22nd. This is the classic "high-yield" approach.

Fund manager Leonard Klahr says: "In the case of N&P, we were very much in smaller companies in the early '80s, and then got slightly stuck in the late '80s with too high a small company weighting." He says they have tried to avoid "recovery"-style stocks, which has denied them the recent "bounce" which some funds have achieved.

The Week Ahead

Pilkington, the glass maker, reports interim results on Thursday and is expected to see profits fall once more. A cut in the dividend is likely after the reduction in the year-end dividend in June.

There is a wide range of estimates, with the pessimists expecting pre-tax profits of £10m or less, against £50.6m, after more exceptional costs. There is the chance, though, that Mr Roger Leverton, the new chief executive, will take the opportunity to announce substantial redundancies, and make provisions which could push the group into losses.

Interim results from **Scottish & Newcastle** on Monday are expected to reflect tougher trading conditions in the beer market and two disappointing summer months for its UK holiday operations. A five per cent decline in interim pre-tax profits to about £110m is forecast.

Siebe, the engineering systems and controls group, looks set to continue its solid performance since its £357m acquisition in 1990 of US group Foxboro.

Analysts forecast a modest improvement in pre-tax profit to £76.5m (£75.2m) for the six months to September, when results are published next week. The interim dividend is likely to be increased marginally, to 3.3p – last year's payout was 6.05p but there was a one-for-one capitalisation issue in September.

Airtours, the UK's third largest package holiday company, is expected to report on Monday pre-tax profits of between £34m and £36m for the year to September, against £27.5m last time. The collapse of some smaller travel companies will probably have offset some of the summer discounting and a strong end to the year (since July) is expected.

Also reporting on Monday is **Westland**, the helicopter group. Profits are expected to edge up from last time's £23.7m to about £24m or £24.5m. The group's order gap could continue until after 1994, in which it is possible there will be no helicopter deliveries. Profits could stay at the current level for the next couple of years.

Carlton Communications, the television and video group, is likely to report on Tuesday a rise of some 15 per cent in pre-tax profits for the year ended September to around £102m.

Expectations are that Thursday's interim pre-tax profit at **Great Universal Stores**, the retailer, should be slightly ahead at about £193m (£187m).

Compass Group, the catering and hospitals concern that recently bought the Travellers Fare snack shops business, is expected to report a rise of about £3m in annual pre-tax profit to £35m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Blystadt	5.4	2	4½	7.50	Abbot Hldgs
Cahill May Rob.	88	84	54	I£25.98	AAH Hldgs
Continuous Stat.‡	40*	38	34	6.80	Prontaprint
Evode	80*§§	91	72	94.39	Wassall
New Cavendish	46*	47	44	6.44	Broadland Prop
RHM	280*§§	262	251½	790.0	Tomkins
Simpsons Cornhill	38½	32	62	1.67	Baldwin

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 4/12/92. §§Shares & cash alternative. †-Price at suspension.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Automagic	June	880 L	(96 L)	-	(-)	-	(-)
Bass	Sept	501,000	(430,000)	39.6	(36.6)	18.9	(17.8)
Control Techniques	Sept	6,220	(4,150)	9.7	(7.7)	6.85	(6.5)
Dundee & London	Oct†	1,840	(1,920)	10.84	(11.32)	12.0	(12.0)
Granada	Sept	130,200	(56,900)	18.0	(19.9)	7.7	(7.0)
Grand Met.	Sept	902,000	(950,000)	30.1	(32.4)	12.3	(11.35)
Greyfriars Inv. Co.	Sept†	413	(477)	5.90	(6.82)	6.0	(6.0)
Hanson	Sept	1,290,000	(1,320,000)	22.2	(21.7)	11.4	(11.0)
Hay & Robertson	May	28 L	(4 L)	-	(-)	-	(-)
Holmes & Merchant	Sept	160 L	(2,100)	-	(7.3)	-	(-)
Huntingdon Intl.	Sept	14,390	(16,910)	11.5	(14.6)	2.775	(2.775)
Leeds Group	Sept	5,530	(4,110)	33.1	(25.0)	11.0	(9.75)
London & Provincial	June	4,370	(907)	-	(9.1)	-	(-)
M & G Group	Sept	39,410	(39,240)	36.37	(36.1)	20.0	(19.0)
Medeva	Sept♣	26,000	(7,820)	9.60	(3.90)	-	(-)
MEPC	Sept	109,600	(143,300)	24.2	(31.3)	20.0	(20.0)
Metro Radio	Sept	1,860	(1,690)	7.5	(7.2)	5.0	(5.0)
Millwall Hldgs.	May	1,650	(2,670)	-	(-)	-	(-)
Murray Enterprise	Sept	194	(400)	0.94	(1.43)	-	(-)
Perpetual	Sept	4,790	(2,940)	12.49	(7.95)	4.8	(3.2)
Prospect Inds	Sept	4,440	(3,530)	2.0	(2.68)	0.75	(0.4)
Regina	Aug	1,230 L	(505 L)	-	(-)	-	(-)
Royal Bk. of Scotland	Sept	20,900	(57,700)	1.4	(10.5)	8.8	(8.8)
Scottish Inv. Tst.	Oct†	12,300	(11,500)	4.82	(4.52)	4.62	(4.4)
Trafalgar House	Sept	30,300 L	(38,500 L)	-	(-)	6.0	(18.4)
United Drug	Sept♦	3,090	(2,690)	17.6	(15.88)	6.7	(6.25)
Western Selection	Sept	25	(363 L)	0.15	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alba	Sept	1,200	(1,160)	1.0	(1.0)
Allied Colloids	Oct	22,500	(21,100)	0.94	(0.88)
Allied Lyons	Sept	283,000	(278,000)	6.95	(6.65)
Andrews Sykes	Sept	802	(519)	1.4	(1.4)
Asprey	Sept	11,200	10,900	1.1	(1.1)
Associated Nursing	Oct†	725	(379)	-	(-)
Borthwicks	Sept	1,280	(932)	0.5	(0.5)
Brockhampton	Sept	1,870	(910)	2.2	(1.65)
Brown Shipley	Sept	8,550	(13,800L)	-	(-)
BSS Group	Sept	4,080	(5,160)	5.75	(5.75)
Caffyns	Sept	102	(297)	5.0	(5.0)
Cape	Sept	6,520	(7,170)	3.0	(3.0)
Christian Salvesen	Sept	40,400	(36,100)	3.2	(2.9)
Chubb	Oct	26,900	(14,000)	1.5	(1.5)
Crown Eyeglass	Sept	274	(242)	2.5	(2.0)
Dairy Crest	Sept	17,200	(12,400)	-	(-)
Dares Estates	June	2,87 L	(16,300L)	-	(-)
EFM Income Trust	Oct†	484	(664)	1.2	(1.2)
Eastern Electricity	Sept	26,100	(15,400)	5.5	(4.85)
East Surrey Hldgs.	Sept	2,920	(2,860)	4.1	(3.56)
Elliott (B)	Sept	467 L	(106)	-	(-)
Erskine House	Sept	4,700	(6,600)	2.3	(2.3)
European Colour	Sept	265	(26)	0.276	(0.25)
Flagstone Hldgs.	July	161 L	(756 L)	-	(-)
Fleming Far Eastern	Sept†	1,540	(1,710)	-	(-)
GEC	Sept	356,000	(346,000)	2.68	(2.55)
Gibbon Lyons	Sept	712	(483)	2.0	(2.0)
Greene King	Nov	9,520	(9,910)	3.7	(3.7)
Greycoat	Sept	39,200 L	(5,800 L)	-	(-)
Harrison Inds.	Sept	455	(594)	-	(-)
Hiclare	Sept	70 L	(52)	-	(-)
Hoskins Brewery	Sept	50	(48)	-	(-)
JLI	Sept	1,840	(1,140)	1.55	(1.5)
Johnson Matthey	Sept	33,200	(32,200)	3.2	(3.0)
Kenwood Appliances	Sept	3,890	(3,110)	1.5	(-)
Kewill Systems	Sept	172 L	(1,690)	-	(-)
Latham (James)	Sept	54	(121)	1.5	(1.5)
Leigh Interests	Sept	4,080	(7,120)	2.46	(2.46)
London Electricity	Sept	17,300	(14,500)	5.6	(5.0)
London Intl. Group	Sept	15,500	(7,100)	3.2	(3.2)
London & Overseas	Sept‡	1,000	(1,240)	-	(-)
Lyons Irish	Sept♦‡	4,300	(3,850)	3.15	(2.85)
Merrydown Wine	Sept	760	(943)	1.0	(1.0)
Mountview Estates	Sept	3,620	(3,540)	8.0	(8.0)
Norweb	Sept	37,100	(33,400)	5.9	(5.31)
Oceonics	Sept	2,050	(2,420)	-	(-)
Oriflame Intl.	Sept	4,200	(2,300)	4.0	(4.0)
Philip Harris	Sept	806	(624)	2.2	(2.0)
Porter Chadburn	Oct	5,260 L	(2,870)	0.85	(0.85)
Quiligotti	Sept	228	(646)	-	(-)
Racal	Oct	23,100	(2,400 L)	1.5	(1.5)
Rowlinson Securities	Sept	515	(503)	0.24	(0.24)
Scapa	Sept	20,030	(29,330)	1.6	(1.52)
Scott Pickford	Sept	103	(189)	-	(-)
Scottish Hydro-Elec	Sept	40,600	(24,400)	3.6	(3.25)
Scottish Power	Sept	95,000	(81,900)	3.72	(3.38)
Severn Trent	Sept	140,800	(138,700)	7.0	(6.4)
Shanks & McEwan	Sept	15,810	(16,730)	2.24	(2.24)
Smith New Court	Oct	6,700	(7,500)	1.0	(1.0)
Sterling Publishing	Sept	1,040	(571)	0.6	(0.5)
Surrey Group	Sept	946 L	(117)	-	(-)
Syltone	Sept	1,220	(1,170)	3.15	(3.15)
Tops Estates	Sept	918	(1,340)	0.5775	(0.55)
Verson Intl.	July	1,080	(4,700)	-	(-)
Vistec	Oct	1,310	(1,010)	0.125	(0.1)
Wood (SW)	Sept	425	(154 L)	0.5	(-)
Yorkshire Water	Sept	71,800	(64,100)	7.05	(6.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net Revenue. ♣ Figures for nine months. ‡ Figures for 28 weeks. ♦ Irish pounds and pence. ✣ US dollars.

RIGHTS ISSUES

Hiclare is to raise £240,000 via a 3 - 7 rights issue at 35p.
Leeds Group is to make a 1 - 2 scrip issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

ACT Group is to raise £8.85m via a placing of 6.5m shares at 137p.
Hunters Armley is to raise £10.8m via a placing of 11.98m shares at 90p.
Sedgwick Group is to raise £19.5m via an issue of 13.89m shares.
Temple Bar Inv. Tst. is to raise £25m via a placing of debenture stock.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Albion	Friday	1.2	1.3	1.2
API Group	Thursday	2.75	4.0	3.05
Archer (AJ)	Thursday	3.15	1.25	2.20
Archimedes Inv. Tst.	Tuesday	-	-	-
Automagic Hldgs.	Friday	0.5	-	-
Berisford Intl.	Tuesday	-	-	-
Campbell & Armstrong	Tuesday	1.0	1.0	1.0
Carlton Communications	Tuesday	6.1	8.4	6.7
Compass Group	Thursday	3.85	7.55	4.19
Countryside Properties	Wednesday	1.41	2.7	1.41
Drayton Recovery Tst.	Thursday	2.0	-	-
Eldridge Pope & Co.	Thursday	0.88	1.76	1.31
Eurocopy	Tuesday	1.1	2.9	1.1
Faber Prest	Monday	4.3	4.3	4.3
Grainger Tst.	Wednesday	1.2	4.05	1.2
Greenalls Group	Wednesday	4.4	8.6	4.84
Johnson & Firth Brown	Thursday	1.0	2.0	1.0
Lynx Hldgs.	Thursday	0.5	0.75	0.25
NFC	Wednesday	1.5	2.25	1.55
Perstorp AB	Tuesday	-	-	-
Radio Clyde Hldgs.	Monday	3.25	5.0	3.25
River Plate General Inv. Tst.	Wednesday	-	-	-
Sage Group	Tuesday	2.7	5.95	3.02
Southern Radio	Friday	-	-	-
Sturge	Tuesday	5.5	11.0	2.75
Tunstall Group	Monday	2.16	3.2	2.25
Vaux Group	Tuesday	3.1	6.1	3.25
Westland	Monday	1.25	2.78	1.25
Whessoe	Thursday	2.0	5.2	2.2
Widney	Thursday	-	-	-
INTERIM DIVIDENDS				
Acal	Monday	1.95	3.9	-
Alsprung Furniture	Wednesday	2.63	4.87	-
Airtours	Monday	2.0	21.0	-
Arlen	Thursday	0.5	-	-
Associated British Eng.	Wednesday	-	0.05	-
Atkins Group	Tuesday	3.6	4.0	-
Avesco	Tuesday	0.5	1.0	-
Bogod Group	Tuesday	0.2	0.5	-
BTP	Tuesday	3.1	5.75	-
Charter Consolidated	Tuesday	7.0	14.5	-
Compco Hldgs.	Monday	-	12.93	-
Cranswick	Monday	2.3	5.2	-
Eve Group	Thursday	2.7	7.0	-
East Midlands Electricity	Tuesday	5.1	12.0	-
ERF Hldgs.	Thursday	2.0	2.0	-
Fine Art Developments	Thursday	2.7	8.3	-
Great Universal Stores	Thursday	12.75	27.25	-
Hunter Saphir	Thursday	1.0	1.5	-
In-Shops	Monday	0.66	1.97	-
IWP Intl.	Thursday	-	-	-
John Tams Group	Wednesday	1.69	2.41	-
Leopold Joseph	Thursday	3.1	12.75	-
London Merchant Securities	Thursday	0.8	3.0	-
M & G 2nd Dual Tst.	Tuesday	-	-	-
Mansfield Brewery	Tuesday	4.0	9.8	-
Manweb	Wednesday	5.45	12.8	-
Midlands Electricity	Thursday	5.66	11.6	-
Moorgate Inv. Tst.	Thursday	1.7	3.8	-
Moorgate Smaller Co's Inc.	Thursday	1.8	2.325	-
Morris Ashby	Monday	1.7	3.0	-
Osborne & Little	Friday	2.0	2.35	-
Parkland Textile	Friday	1.0	1.0	-
Pilkington	Thursday	2.93	3.07	-
Proteon	Wednesday	0.6	2.15	-
Rolfe & Nolan	Monday	2.3	3.9	-
Saleland	Tuesday	0.14	0.14	-
Scottish & Newcastle	Monday	5.81	10.59	-
Siebe	Tuesday	5.95	12.1	-
South Wales Electricity	Monday	5.8	13.6	-
South Western Electricity	Thursday	5.25	12.15	-
Stirling Group	Wednesday	0.5	1.15	-
Taunton Cider	Thursday	-	-	-
Tex Hldgs.	Thursday	-	-	-
Umeco	Tuesday	0.75	1.0	-
Wellman	Monday	0.8	1.4	-
Whitecroft	Tuesday	3.3	0.7	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ⊕ = 1st quarter figures.

FINANCE AND THE FAMILY

Planning your Pension

Easing yourself little by little into retirement

STAGGERED vesting is one of the pensions industry's least appealing items of jargon, summoning images of an athlete's desperate lunge at the finish line.

In fact, it could offer those with personal pension funds a way to wrest from the life offices some limited control over their retirement income. If it can be done without too many administration costs, it could be the best way for many to take their pension.

Vesting refers to taking the pension fund which has accrued for you and converting it into an annuity (where a life company undertakes to pay you a fixed annual sum until your death, whenever it occurs), plus a cash sum. Previous practice has been to do this all at once at the state retirement age (60 for women and 65 for men).

However, there is no legal requirement for this. Since the introduction of personal pensions, the age range over which a pension fund can be converted into income is from 50 to 75. The bulk of the fund must be used to buy an annuity, but you also receive a sum of tax-free cash. For old-style retirement annuity contracts you receive a sum equal to three times the annuity you could buy with the entire fund. Personal pensions allow you to take 25 per cent of the fund.

Annuity rates are greater the older you are when you vest your pension, so converting all of a pension fund at 55 begins to look unattractive, particularly if you do not need that much income immediately. Annuity rates also vary with gilt yields, so if you happen to retire at a point when gilts are expensive, your entire pension can be lower as a result.

Instead, you can opt to vest only part of your pension fund, leaving the rest to grow for a little longer before buying another annuity. This should allow you a greater, more flexible income. You start with smaller income from the annuity, but can use the cash for income. You are also liberated from using only one insurance company for your annuity, so each year you can shop around for the best rate.

There are other ways in which the dilemmas of taking an annuity in one fell swoop are eased:

■ The problem of working out whether to accept a lower initial income in return for index-linking (protection against inflation) is eased. Buying an annuity to escalate by five per cent each year means a reduction of 30 per cent in your initial income payment, according to Sun Life. You can buy a different form of annuity later.

■ Deciding on a widow's pension is also easier. Married people will want to take an annuity which will carry on paying an income after the death of one partner. However, this means a reduced annuity – according to Towry Law, providing a widow's pension reduces annuity payments by 20 per cent. The payments will stay this low even if you turn out to be the longer-lived of the couple. With staggered vesting, you can blithely take out an annuity on your life only, knowing that your widow will receive the balance of the pension fund if you die early.

■ Inheritance tax planning is easier. The balance of your pension fund belongs to the life company after your death, if it has been vested and used to buy a pension. But if you have not vested it before reaching the age of 75, the money goes to your heirs, tax-free.

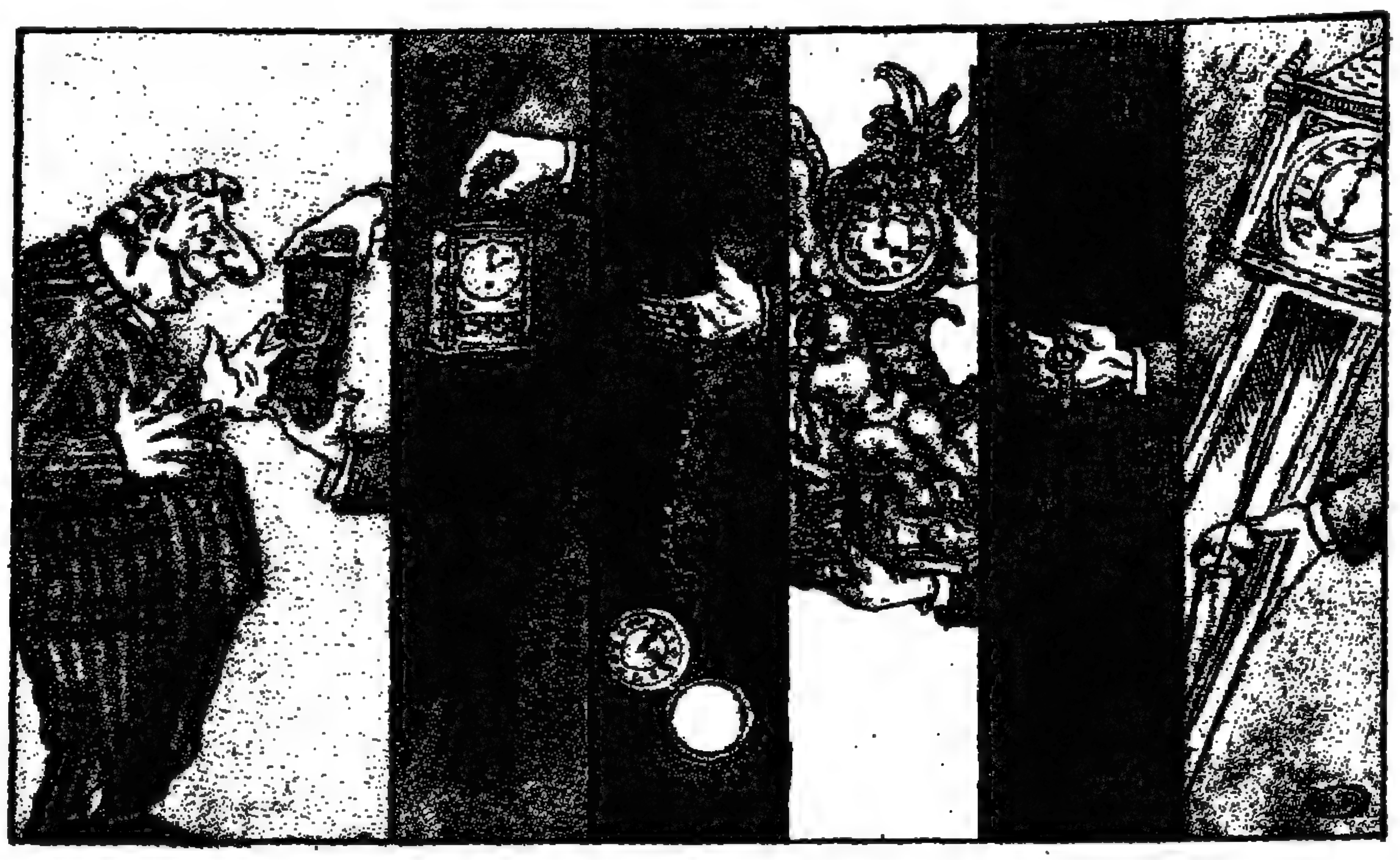
However, there are several problems. The most pressing is that the bulk of pension contracts now in existence were not designed with staggered vesting in mind.

The systems which administer them had not split them into "segments", and so the pension providers simply will not be able to allow you to take the pension in stages.

The way around this is to transfer into a policy which allows segmentation. Provident Life and Sun Life have taken a lead in producing transfer plans to do this, while others, such as Prudential, plan products for the market.

But transferring can cost money, particularly in the case of with-profits contracts which have not yet matured, or company final-salary schemes – you could be offered far less than the accumulated value of your fund as a transfer value.

You must check whether your current scheme allows staggered vesting, and what penalties there would be for transferring out. If you would sacrifice too large a chunk of your fund, it is best to forget the idea of staggered vesting. In general, it will be easiest for those with individual or executive pension plans, and hardest for those in company schemes. Providers admit that there is little point in trying to use staggered vesting unless you have a fund of at least £100,000.



For those starting to save for their pension now, the possibility of staggered vesting suggests the use of a series of single-premium policies, rather than a regular premium policy, making it easier to vest some funds, while allowing others to continue. Administrative costs on single-premium plans should also usually be lower.

Actuaries Mercer Fraser point out that much of the tax-free cash is used for income under staggered vesting – so "round the world trips" with a large lump sum will be harder to fund.

Then there are the possible costs of administration. You may find yourself paying more in fees or commission by taking this approach, which will create extra work for both intermediaries and providers. Some of these costs might be worth bearing, as staggered vesting makes administration for the individual more difficult, but it is important to shop around accountants and financial advisers to ensure that you do not pay too much.

Finally, there is the risk that your pension fund might be poorly managed, or that annuity rates will worsen as you grow older. Both should be unlikely but could happen.

John Authers

Keep a sharp eye on your pay slip

EMPLOYEES should keep their eyes on their pay slips following evidence this week that some employers are taxing them too much on their wages under the pay-as-you-earn system.

Accountants Touche Ross have warned of a survey by tax inspectors in Bournemouth and Poole which disclosed that up to 10,000 people were paying too much tax.

The error is that payroll departments have failed to take into account the 20 per cent lower rate tax band for income up to £2,000, which was introduced in the budget last April.

The bottom slice was being taxed at 25 per cent rather than 20 per cent, meaning that employees were overpaying tax of £1.92 per week.

This has been caused, particularly in small businesses, by a failure by the payroll department to use the government's tax tables correctly. The Inland Revenue has confirmed the findings of the survey, but says there is no evidence of similar errors elsewhere.

But Maurice Parry-Wingfield, technical tax partner at Touche Ross, recommends that anyone who thinks they may be over paying should see their wages clerk.

Andrew Jack

Directors' Transactions

WITH the market reaching new peaks, one might have expected the volume of directors' purchases to have eased. On the contrary, purchases are increasing, with some deals being of a significant size.

Recent interim results from Cable & Wireless revealed it is still able to produce earnings growth even under the most difficult conditions. Brian Pemberton, a director of Cable & Wireless, exercised an option over 196,932 shares and subsequently sold the lot at 646p. At the same time, he sold another 42,579 shares at 650p, leaving him with 50,000 shares. Since the sale, Cable & Wireless shares have fallen sharply in the wake of mounting concern in Hong Kong about the prospect of a clash between China and Britain over the proposed political reforms.

The separation of Claremont Garments from Alexon has proved one of the more successful retail developments of the last two years. David McGarvey sold 20,000 shares at 263p leaving him with 50,000 shares. The share price has outperformed the market by 18 per cent over the last year and brokers expect further growth this year and next.

Michael Swan, deputy chairman of Merchant Retail Group, attracted attention 12 months ago when he sold 500,000 shares at 34p, buying 1m shares at 14.5p five months later. Philip Newton has now bought 750,000 shares at 15.5p.

Angus MacDonald
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbey National	Bank	4,592	16	1
Cable & Wireless	Tele	42,579	277	1
Claremont Garments	Text	20,000	53	1
Dalgety	FdMa	11,258	54	1*
Enterprise Oil	O&G	4,100	19	1
Johnston Press	Med	4,600	17	1
Liberty n/v	Stor	25,000	84	2*
Next	Stor	8,755	11	1
Portmeirion Potter	Misc	5,300	12	1
Reed International	Med	37,600	220	1*
Smith (WH) A shares	Stor	4,706	22	1
Town Centre Secs	Prop	30,000	22	1
Unilever	FdMa	88,967	923	2*
Vodafone	Tele	53,500	212	1*
PURCHASES				
Castle Comms	H&L	45,000	59	1
City Merchants H Yd	InTr	25,000	23	1
Cornwell Parker Ord	Misc	7,000	20	2
Fairhaven Intl	O&G	95,000	14	1
Filofax	Pack	15,000	10	3
Gardiner Group	BuSe	250,000	24	2
Greggs	FdRe	3,040	12	1
Hardy Oil & Gas	O&G	15,000	18	1
Hewetson	BdMa	120,000	31	1
Holmes Protection	BuSe	32,500	18	1
Merchant Retail	FdRe	750,000	116	1
Mercury Asset Man	OthF	20,000	70	1
Micro Focus	Elec	2,000	49	1
Ramsdens (Harry) B	H&L	50,000	50	1
Reuters	Med	2,000	28	1
Vickers	EngG	15,500	13	3
Wills Group	BuSe	100,000	13	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 23-27 November 1992.

Source: Directus Ltd, Edinburgh

Anger over society's £4.3m loss on property

Now investors must wait months for court rulings to decide the future of Lancashire & Yorkshire Assurance. ***John Authers reports***

SEVERAL thousand savers opened their post this week to find that a fund of gilts and cash deposits in which they had invested had managed to lose £4.3m in a property deal.

The savers are with the Lancashire & Yorkshire Assurance friendly society and, understandably, they are unhappy. But what happens next depends on decisions by the high court, which could take months. L&Y is closed for new business until then.

How did it happen?

The losses affect only the society's main Capital Secure fund, which has about 69,000 policyholders and is valued at more than £50m, having grown by only 1.6 per cent in 1991.

All policies written on this fund from December 1981 to January 1987, and some of the policies between then and October 1988, specifically excluded property as an investment. This affects around 53 per cent of all L&Y policies in force at the beginning of this year, or about 36,000 people.

With hindsight, the story of how the fund went off the rails has an almost tragic inevitability. In 1987, with the property market booming, it seemed sensible to give Capital Secure the freedom to invest in property. But the funds which had started when property was endorsed as an investment were not kept separate.

The fund then spent £6.8m on a hotel development. But this has now been valued at £2.5m – a write-down of £4.3m. Capital Secure's unit price fell around 9 per cent as a result.

The present members of the board all have been appointed since June 1990, and discovered the problem only when holders of maturing policies complained early this year. After discussions with their regulator, Lautro, and the Registry of Friendly Societies, it was decided the issues involved were so complex that they would have to be settled by the high court.

Those holding policies with L&Y's other funds are not necessarily affected, although Capital Secure is the society's biggest fund and many people have at least half their money invested in it.

The property loss is the most serious issue facing the society, but it is also seeking high court guidance on two other problems which may lead to policyholders losing tax relief.

The first affects those who invested in a tax-exempt fund via a lump sum – around 9 per cent of all policyholders. Regulations state that payments to friendly society funds must be in the form of regular premiums, so most societies organise lump sums by asking policyholders to buy an annuity, which then pays the premiums. L&Y did not do this, which puts in question the tax relief.

Those who started a policy between October 1 1990 and December 5 1991 could be hit by the society's other problem, which is that it issued policies under a new set of rules, or "table," which had not been registered formally with the registry. While this looks merely a technical matter, it also requires a court ruling.

The society will continue to take in premiums and pay sums on maturity as normal while it awaits the decisions. If you are an investor, there is little or no reason to surrender a policy. In most cases, this would mean you would get back, at best, only the premiums you had paid.

In any case, the bad news now should be all in the price following the write-down. The society is invested heavily in cash deposits (missing out on the strong returns on gilts obtainable recently). Thus, the fund is unlikely to lose any more money.

Legal costs may be a problem, but the reduced overheads of running the society when it is closed to new business could offset this.

Whether L&Y can rebuild its business once the court's decisions are known is another matter, and chances are it will have to merge with one of the few larger societies. John Reeve, chief executive of Family Assurance, the UK's largest friendly society, said his society would do anything it could to help if required provided it was in the interests of family members.

John Ramsden, L&Y's chairman, admitted that one option might be to transfer all its interests to another friendly society. He added that it was not clear if compensation should be paid as there was no legal precedent.

Policyholders are furious. Colin Boylett, of Dulwich, said L&Y had "totally betrayed our trust."

He asked why it had continued to accept new business until November, and suggested policyholders should be compensated by an amount equal to the performance over the period of the average exempt fixed-interest fund.

In the past three years, he added, this would be 36.7 per cent, offer-to-offer, rather than the 11.8 per cent achieved by the Capital Secure fund.

No one will have incurred massive losses as the policies involved all are small; indeed, the loss for each has been estimated at around £100. But it is difficult to see where the money for compensation will come from.

Jean Eaglesham, of the Consumers' Association, suggested that the friendly society movement might try to set up an ex gratia compensation system if the high court decided investors were not covered by another compensation scheme.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	6.80%	Yly
Bristol & West BS	Balmoral A/C	0800 100117	Instant	£2,000	9.10%	Yly
Cheltenham & Glos BS	London Deposit	0800 272383	Instant	£10,000	9.60%*	Yly
				£25,000	10.00*	Yly
Scarborough BS	Scarbgh Ninety 2	0723 368155	90 Day	£500	7.25%	Yly
Manchester BS	3 Year Income	061 834 9465	3 Year	£10,000	9.57%♣	Mly
Chelsea BS	Premier VI	0800 272505	31.3.95	£10,000	10.00☆	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	9.60%♠	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
Cambridge BS		0223 315440	5 Year	£1	9.00%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	9.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	6.50%	Yly
Citibank	Money Market Plus	0800 555884	Instant	£2,000	7.20%§	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60%‡	Yly
				£25,000	8.10%‡	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Yorkshire Guernsey	Key 90	0481 719898	90 Day	£10,000	7.50%	Yly
Yorkshire Guernsey	Key Extra	0481 719898	180 Day	£25,000	8.45%	Yly
Yorkshire Guernsey	Key Term Share	0481 719898	31.8.93	£50,000	10.10%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
Prosperity FN		0800 521546	2 Year	£25,000	5.55%	Yly
Liberty Life FN		081 440 8210	3 Year	£50,000	6.40%	Yly
Co-op Bank Fin Adv FN		061 829 5562	4 Year	£2,000	6.30%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	6.55%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	5.25%	Yly
(7.00% wef 26.12.92)	Income Bonds		3 Month	£2,000	8.00%	Mly
(on sale from Monday)	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
(on sale from Monday).	40th Issue		5 Year	£100	5.75%F	OM
(on sale from Monday)	6th Index Linked		5 Year	£100	3.25% + Infln	OM
(on sale from Monday)	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. * = Rate guaranteed only until 1.1.93. Access only on 7 day loss of interest. ♣ = Rate guaranteed only until 31.1.93. ☆ = Rate fixed only until 1.4.93. ♠ = Rate fixed only until 1.1.93. § = Rate guaranteed only until 1.2.93. ‡ = Rate guaranteed only until 12.2.93.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677

Gloom for 200 Tessa holders

TESSA holders at Birmingham Capital Trust, a banking institution, must feel disappointed that a promise made to them has not been honoured.

Those who opened tax-exempt special savings accounts when the scheme was launched in January 1991, were offered a fixed rate of 12 per cent over fiveyears by Birmingham Capital Trust.

Last week, however, the bank wrote to its 200 Tessa holders to inform them that due to "a major erosion of the capital base of the company," the Tessa scheme will be shut down on December 31. The bank is recommending that its customers transfer their Tessas to Dudley building society, also in the West Midlands. But it only has a variable Tessa offering a much lower rate – 8.5 per cent – than that being paid by Birmingham Capital Trust.

The Bank of England said it could not be responsible for banks promising high fixed rates but being unable to maintain them. "The rates banks choose to offer are a commercial decision and we have no influence over that," said the Bank. "If the circumstances of a bank changes, that becomes part of general banking business and we would look at it in the context of our overall supervision."

It said that the ability to transfer Tessas meant that customers were not stuck with one institution and would not lose the tax benefit were a bank to decide to close its Tessa.

However, Chris Eadie, deputy Banking Ombudsman, said he would be concerned to ensure that that the customer had been treated fairly. "If an institution has made a promise and is still in business, it should honour its promise and arrange the same terms for its customers." Tessas pay interest gross so long as the capital is left in the scheme for five years. The maximum investment allowed over the five year period is £9,000.

Birmingham Capital Trust is waiving its usual transfer fee of £25 to those transferring either to the Dudley or any other banks or building society. The Dudley, which has about 500 Tessa-holders, said it was processing transfers within a day, so that those transferring their Tessa should not losemore than one day's interest.

Although the Dudley launched its Tessa scheme on April 1 1991, those transferring will be deemed to have opened their Tessa on the date they opened the scheme at Birmingham Capital Trust.

This is not the first time a bank experiencing financial difficulties has been offering a high Tessa rate. Deacon Hoare, a small licensed banking institution in Bristol, went into liquidation in June. It had offered one of the highest variable interest rates on the market to its Tessa holders.

However, those who chose Birmingham Trust would have been attracted more by the stability of the Tessa rate than its size. Many banks and building societies were offering rates of 14 per cent at the beginning of last year, so the fixed rate of 12 per cent would not have looked particularly alluring. But the promise to guarantee that rate for five years would have made it a good deal.

Scheherazade Daneshkhu

Expatriates / **Donald Elkin**

On the right side of the law

FEW expatriates doubt the undesirability of falling foul of British tax law. For most, the certainties end there. But how do you become liable to UK tax and what are your duties then? What means do the Inland Revenue have to enforce the law - or as it is more frequently expressed, "how will they know?"

People who are neither resident nor domiciled in Britain pay income tax only on certain types of UK source income, and inheritance tax on UK-based assets. At the other end of the scale, permanent residents are liable to tax on world-wide income, gains and assets. In between are various degrees of liability according to which status of UK resident, ordinarily resident or domiciled, applies.

The British tax system operates principally on trust. Consequently, if you are liable to income tax or capital gains tax, you are required respectively by sections 7 and 11A of the Taxes Management Act 1970 to declare that. When you do so, you will be issued with a tax return requiring you to certify that the particular information given is correct and complete. You should consider these obligations in the light of the dictum that "ignorance of the law excuses noone".

In most cases, what needs to be declared on your tax return is self evident. But that is not always so, a fact which caused the Keith Committee report on the enforcement powers of the Revenue departments to recommend that taxpayers should be required to give the Inland Revenue details of any item in respect of which they had "taken the benefit of any doubt." While heavy criticism prevented this particular proposal from being enacted, the fact remains that great care must be taken in all cases where doubts exist.

When deciding whether or not you need to declare any particular item you must, of course, have regard to the precise terms of the legislation concerned. Nor can you ignore the Inland Revenue's stated interpretation of it – even though this may be disputed by tax practitioners.

Cases involving those who bought offshore personal bonds, and have subsequently become UK residents, frequently provide examples of both points.

In the teeth of opposition from many tax advisers, the Inland Revenue claims it has the power to "look through" such bonds and assess the individual on the underlying income, even though in the year concerned he takes no benefits. In these circumstances, failing to make a declaration would be unwise.

Nevertheless, some bondholders may be tempted to pursue this course on the grounds that their circumstances are covered by one of the two exemptions available. But these exclusions apply only if the board is satisfied.

However, once you have made a complete and correct return, your duties are at an end. Consequently, if the Inspector of Taxes charges too little tax or, indeed, fails to assess you at all, the law does not require you to prompt him. Bear in mind, though, that knowingly to retain an excessive repayment of tax brought about by an error of fact – i.e. a mistake in your sums as opposed to an incorrect application of the law – could be a criminal offence.

Not surprisingly, the Inland Revenue does not make a point of publicising its monitoring procedures, although some aspects, for example the reporting to them of claims made under double taxation treaties or where offshore settlements are formed for non-UK domiciliaries by British advisers, are well known.It seems highly unlikely that any attempt is made to monitor that factor which is so important for the determination of residence status – the periods which expatriates spend in the UK.

There can be little doubt that, if expatriates are minded to evade the law, they are presented with more opportunities to do so without discovery than UK residents. It must be said, though, that simple failure to appreciate what the law requires is also likely to be greater.

Declaring what you need to declare and no more is no easy task. On the other hand, failing to keep within the law of the country where you live or intend to live has little to recommend it. While the Inland Revenue's powers of "discovery" in relation to incomplete Returns, or the levying of interest and penalties in cases of fraudulent or negligent conduct, failures or errors, will no doubt serve to concentrate the mind, you may think there is a more important factor: the ability to sleep at night.

■ *Donald Elkin is a director of Wilfred T. Fry Ltd of Worthing, West Sussex.*

Going it alone

***By Bernice Cohen**, a 'do-it-myself investor'*

I AM a Do-It-Myself investor. But why did I take this route? Coincidentally, the *Weekend FT* of July 18 – when the interview with me was published – provided a compelling reason. It gave the results of four share portfolios chosen in July 1991 on the basis of directors' share purchases, high-yield criteria, an experts' panel, and the *FT* darts team.

Purely *pour encourager les autres*, no doubt, the experts registered serious losses. Indeed, all four portfolios revealed how easy it is to lose money when selecting shares. The experiment suggested that if ever there was an appropriate time for adopting a "buy-and-hold" share philosophy, the 1990s is not it.

Had the experts been allowed to behave like real, ever-anxious investors, eliminating the worst performers on a six- or even three-monthly review, they might have improved their results. According to Jessie Livermore, of 1920s' Wall Street fame, retaining a losing investment indefinitely is an act of blind faith closer to speculation than the sensible preservation of capital.

So, it appeared I would have to settle for the mocking implications of staying a DIMI. I was daunted at first, but I stopped flinching when I recalled some bruising experiences snatching back rapidly dwindling funds from assorted shock-horror situations. These included unexpected profits warnings (Control Techniques, March 1991); rumours of fraud or malpractice (Polly Peck and Caird, 1989); and plummeting shares in a tension-driven market anticipating a Gulf war in January 1991 (Tomkins, autumn 1990). Of these, three were broker recommendations.

These traumatic miscalculations convinced me to remain a DIMI, making my own decisions and trading whenever I believed it necessary. This approach injects an element of humility and cautions against the hubris lurking to trap overconfident investors.

But does this mean one should play safe? I think not. The word "safe" might simply be the mirage of money illusion. We ignore John Major's robber baron, inflation, at our peril because, sadly, this persistent villain enjoys continuous government patronage.

Assuming the consensus post-devaluation rate of 4.5 to 5.5 per cent for annual price increases, the pound in our building society or bank deposit accounts will lose half its present purchasing power in 12 years. This remorseless shrinkage spans the time needed to build a sound business, support a child through school and college, or prepare for a comfortable retirement. Savings must grow by 5 per cent merely to stand still. After this catch-up percentage, the real growth for risk-free deposits is frugal. It scarcely covers rainy day reserves. So, investing in something riskier had to be considered, just to provide long-term growth prospects.

This reasoning was not the only spur encouraging me to become a DIMI, however. I also wanted badly to rebuild our savings, depleted in the 1980s, so that my husband could retire within five years.

Initially, I spent time considering my investment objectives. What did I want to achieve? How would I turn the aims into capital? Skimming through past *FT* articles on winners and losers, and through unit trust performance tables in *Money Observer*, I decided that doubling my initial capital over five years might be a possible, albeit ambitious' target. I would concentrate on capital growth but, nearer to retirement, the portfolio balance would shift gradually from growth towards secure income.

Bernice Cohen's appearance in the July *FT Quarterly Review of Personal Finance* inspired a record correspondence from our readers, who wanted to know more about her approach to private investment. In this article, she sets out the ground rules which started her on her course.

Establishing primary objectives was easy; preparing a disciplined programme to achieve it took much longer. Steering the programme steadily, but often erratically, towards the optimistic objective has become a time-consuming weekly preoccupation.

Six practical steps underpinned the programme:

■ To read extensively on how to improve my investment skills by building a library of books on the topic.

■ To invest in essential research material, including a daily *FT* and a weekly *Investors Chronicle*.

■ To update the portfolio values every weekend, on the lines of Bearbull in the *Investors Chronicle*.

■ To review mistakes and successes analytically as they happen. This is occasionally a source of intense aggravation – but there have also been some exhilarating moments in compensation.

■ To divide the initial capital into four unequal portions, with cash predominating at the outset.

■ To build a reference file of facts, statistics and charts, together with the relevant *FT* indices, on companies and markets as future investment opportunities.

Dividing the initial capital was an intentional precaution while statistics, market awareness and confidence were accumulating.

Cash remained above 60 per cent, to fund future pension premiums and a 10-year Skandia plan. This versatile savings plan allows unlimited free switching at bid prices between nearly 300 unit and investment trusts run by more than 18 fund management groups – just the investment freedom I was looking for.

The maximum allowance went into two unit trust Peps, with monthly contributions to average out price fluctuations. The cash fund then declined further as I opened additional Peps. Initially, both Peps and savings plan were invested wholly in unit trusts.

In the fourth slice of capital, additional unit and investment trust selections, plus three direct equity holdings, meant more than 60 per cent of my equity investments by value were being managed professionally until such time as I felt confident to manage a larger direct portfolio myself.

Within six months, I had learnt a harsh lesson. Without employing risky put options, which need considerable expertise, few investments prosper in falling markets. My early losses had to be recognised as an unavoidable cost for obtaining hands-on experience. Accepting that one cannot always be right is an unpalatable truth.

With these six practical steps, I am hopeful that being a DIMI will eventually improve my investment performance.

MINDING YOUR OWN BUSINESS / COMPUTING

A musical money-go-round

Joeske van Walsum . . . "we are not leeches if we are doing a good job for everyone"

Nick Garnett meets Joeske van Walsum, who is instrumental in the success of those he manages

THE CIRCUS of promoters, managers, agents and commentators which envelops the boxing ring after a big title fight usually generates a wry smile on the face of Joeske van Walsum. "It sometimes makes me cry, too," says the tall Dutchman. "Of course I see a few similarities with what I do."

On the face of it, van Walsum's business world is far more cerebral and gentle. From a converted house in the south-west London suburb of Putney, his company is both agent and manager to 30 instrumental soloists and concert conductors as well as an organiser of orchestral tours.

"Agents are meant to be leeches on society, but we are not leeches if we are doing a good job for everyone," he stresses. "You can still get into this kind of agency work, but it is risky and not many people make much money."

If that is the case, 43-year-old van Walsum is not doing too badly. In the year to April 1991, van Walsum Management took in £800,000 in commissions and other payments, on which it made a profit of £175,000. Out of this, the staff of 17 earned more than £70,000 in profit-sharing payments.

The more renowned artists the company manages include pianist Mitsuko Uchida; viola player Yuri Bashmet; and the young Finn, Esa-Pekko Salonen, conductor and musical director of the Los Angeles Philharmonic.

Van Walsum's parents went to live in Scotland when he was a teenager and he studied flute at the Royal College of Music in London. Late in the 1960s, he began freelancing, organising small music groups and making a small profit. As time went on, he became known as an artists' manager, although he had to work as a chauffeur in the evenings to earn enough money on which to live.

In 1975, when the company was set up, yearly revenue was just £1,000 and van Walsum was running the operation from a rented London flat. But he says: "I'm very analytical and bureaucratic and have always been well organised." He also enjoyed his fair share of luck.

This world is small, but not that small. According to artists' directories, there are 650 professional orchestras world-wide, 850 conductors and 3,000- 4000 soloists. "Targets" – industry jargon for the concert promoters and other people with whom van Walsum books his artists for anything from one night to perhaps two weeks – number around 750.

While income for solo instrumentalists and conductors is not in the Pavarotti class, it can be very high. A few earn more than £500,000 a year – although these individuals are not on van Walsum's books – while many earn above £100,000.

"A young soloist might get £200 for one night," he says. "The highest for one night I have seen was £25,000 in Japan. They travel alone and have to pay their own expenses like flights and hotels. Some will do 120 concerts a year."

His company, the fourth largest of its type in Britain, charges artists a commission of 15 to 20 per cent but also uses local agents to help with organisation, cutting margins to about 12 per cent. "We have to be available for these artists every single day of the year if necessary. We arrange every booking, every rehearsal time, every fee, every contract, collect all the money and make the travel and hotel arrangements."

The company and its staff of around eight – nearly all women university graduates – often are approached by promoters and permanent orchestra managers seeking soloists and conductors, sometimes at only a day's notice if someone has dropped out unexpectedly. Part of their job, though, is to approach promoters and "offer" artists – in order to give them the right exposure. Clashes of personality and ego are not unknown.

"Performers must have a lot of inner strength because it is a lonely life for them," van Walsum explains. "There is an element of arrogance, and they have to be good communicators to reach their audience with their music. They can be very awkward. We have to be supportive." He says he can also be awkward, outspoken and direct when dealing with them.

Any arguments that erupt are usually over money, though. "We have a scale of charges for each artist. The worst are the Russians. They can be so stupid. A successful westerner makes sure the guy he's dealing with is happy. Russians just want to screw the other person."

Diplomatically, van Walsum says he has no such problem with the Russians on his books.

The company has contracts with its artists but either side can back out at a moment's notice – and sometimes does. Van Walsum says poaching exists, particularly by US agencies. "They really stick knives into each other." But the 60 members of the British Association of Concert Agents tend not to do this.

The company's income last financial year was split equally between artists' management and orchestra touring, although the latter has slid during the past two years of recession and its margins are under severe pressure. Van Walsum says pre-tax net profits will be lucky to reach £50,000 after profit-sharing. Office costs amount to a hefty £600,000, three-quarters of total income. Salaries account for £300,000 and travel £45,000. Much of that involves van Walsum and his managers visiting promoters and artists around the world. One week last month, he had to go to six evening concerts.

Finding new "stars" is one of the thrills of the job, although van Walsum admits to some "terrible blunders" – usually, pushing someone too quickly. "Sitting in the audience, you can sense whether it is going well. It produces a shiver down your spine and a tear, almost of relief. You can also sit there so worried that you are virtually wetting yourself."

■ *Van Walsum Management, 26 Wadham Road, London SW15 2LR. Tel: 081-874-6344.*

An honest job at a reasonable price

Jean Miles finds two programs that compromise intelligently between professional and private needs

FOR THE small investor who wants to keep an orderly record of stock market dealings and to get, in return, a comprehensive view of how his affairs stand, Meridian Software's Stockmarket 2 and Chart Analyst programs could scarcely be bettered. They are brisk, straightforward and trustworthy. They do an honest job for a reasonable price – on yesterday's equipment, if need be.

Stockmarket 2 is a portfolio management program. Chart Analyst draws a variety of graphs from share price data. It can use the data files created by Stockmarket 2 if you have both programs. Stockmarket 2 by itself can plot a simple linear or logarithmic graph for a single share or index. Between them, these programs represent an intelligent compromise between the size and complication of the sort of program a professional might use, and the needs of a private investor.

Shares are recorded in portfolios of up to 50 companies. It is better, I think, to keep the portfolios smaller than that. While I was testing the program, I kept ordinary shares in one portfolio, updated weekly; gilts, unit trusts and investment trusts in another, updated more rarely. I also kept a prices-only "portfolio" of the *FT* indices and the retail price index.

Stockmarket 2 can record not only share purchases and subsequent price movements but also dividends received and the state of up to five cash accounts, if you want to include them. If you also store yields and P/E ratios, the program will adjust them automatically in accordance with price changes, so you will need to update them only occasionally. The program will produce lists of shares held, of transactions, of dividends received, on the computer screen or a printer. It will also produce a summary of the portfolio and gives you three choices – "General", "Current" and "Gains" – which, in fact, differ little from each other.

Graphs are a great feature of the Meridian programs. Each can store prices at 260 different dates for each share in a portfolio – a year's worth of daily updates, or five years of once-a-week. When you add the 261st price, the earliest one disappears.

The programs will draw informative graphs on any equipment. (It seems safe to assume so, anyway, since they give excellent results on my seven-year-old computer). They understand dates so that, if you fail to update the prices for a couple of weeks, the graphs will retain the right proportions. Prices are adjusted automatically so that share splits and part payments (as for privatisation shares) do not distort the graphs.

The programs come with sample data on some widely-owned shares, and Meridian can supply other historic data on disk. The real fun, though, is watching the graphs of your own shares become progressively more revealing.

Stockmarket 2 will plot simple graphs. Chart Analyst is more sophisticated. I had thought graphs were only for faddists and speculators. I was wrong. I especially liked Chart Analyst's "automatic plot": it produces the graphs for a whole portfolio, four at a time. I took to running that show every week after I had updated the prices. It sorts sheep from goats rather effectively.

Chart Analyst has even fancier tricks than that. It can plot several graphs on one grid. It can "rebase" share prices, drawing the graph as if the first price entered had been 1 or 100, as you choose, with the rest in proportion (just like graphs in the newspapers). It will plot the graph of one price divided by another: if the line tends upwards, the first share is doing the better of the two; if downwards, the second. This facility can be used to compare a share price to an FT index as easily as one share to another. The shares, or indices, compared do not have to be in the same portfolio.

Chart Analyst will put a "stop loss" line on a graph, at a chosen, fixed percentage below the highest price. It will draw a "point and figure" diagram. An oscillator can show either "rate of change" or "momentum." These prospects will no doubt seem more attractive to investors who understand what they mean.

The manual is, however, remarkably simple and clear. I suspect the best way to learn about oscillators is to let your computer draw you a few. The manual concludes with a good chapter on how to use graphs.

These programs have limitations, inevitable at the price. Share prices cannot be updated by modem down a telephone line – you must do it by hand. If you divide your holdings among several portfolios, as I suggest, there is no quick and easy way to find out how much you are worth altogether, or what your annual income from shares is – two rather interesting questions.

A generous, but finite, number of transactions, dividends, and cash entries can be stored with each portfolio. Eventually, though, you will run out of space, and if you keep the full, permitted 50 shares in a portfolio, you will run out of space for more transactions long before you have entered five years' worth of weekly prices. But these are mere quibbles.

■ *Stockmarket 2 (£49.95) and Chart Analyst (£79.95) are available from Meridian Software, Amberley House, The Park, Sidcup, Kent, DA14 6AL; telephone 081-309-5960.* ±

The right to a pension

I WAS TOLD recently that there have been new rulings about employee pensions.

As I understand it, employees who left their work before retirement age for another job or other reasons, and consequently lost their pension entitlement and contributions because they had not reached pensionable age, are now able to claim a pension proportionate to the length of time and amount paid in (if the pension fund is still in existence).

Is this correct? If so, where can I get further information in order to make a claim?

■ Preservation of pension rights for employees who leave a scheme has been in force since 1975. This has been modified by a series of social security acts (notably 1985, 1986 and 1990) which, effectively, confer preservation and transfer rights after two years' membership, and limited indexation.

If, therefore, you were a member of an occupational scheme and left your employment before the scheme retirement age, you would have been covered automatically by this legislation and would in the normal course be notified of your paid-up rights by your company pension department soon after your date of leaving. Your pension scheme booklet should set out your entitlement on leaving service.

If you think that you were a member of the scheme long enough to qualify for preservation rights, but can find no record of your entitlement, then you should write to the pension department of your former employer giving as much information as possible about your period of service and scheme membership, with any other information that you may have from old pay slips (eg, payroll number, scheme membership number, etc).

Your rights on redundancy will depend on a number of factors such as length of service, terms of employment, etc. We suggest that you summarise this information on a piece of paper and seek advice either from the local office of your Citizens Advice Bureau or the Department of Social Security.

House in Canada

SOME YEARS ago, I inherited a house in Canada which I am now selling. Since I am a resident taxpayer in the UK but domiciled in Canada, I understand I will be liable for capital gains tax there on the sale. Will there also be tax to pay if I remit the money from the sale to Britain?

■ First, perhaps we should point out that the Canadian courts decided some years ago, in Trottier v Rajotte, that it is not possible to be domiciled in Canada as a unit: each of the provinces is a separate country for the purposes of the law of domicile in England (and Scotland) as well.

Assuming that you are, in fact, domiciled in one of the provinces of Canada under English law, then the answer to your question is yes.

Ask your tax office for the free pamphlets CGT14 (capital gains tax – an introduction) and IR6 (double taxation relief). You might also like to write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London WC2R 1LB, for a copy of SP6/88 (double taxation relief – capital gains tax).

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Double tax

MY WIFE and I live on a yacht and sailed from the UK in 1990 when I retired at age 64. We have been accepted as temporary residents of Cyprus, our cruising base, and are considering applying to pay tax there. We still have two properties in the UK which are rented out. Can we pay any tax due on income in Cyprus under the double taxation agreement it has with the UK?

■ Under article 7 of the Cyprus-UK double taxation convention, the UK has the right to levy full income tax on your rental income. Becoming fully liable for tax in Cyprus will not, therefore, reduce your UK tax bills. Under article 24(2), you are entitled to relief from Cyprus tax on account of the tax payable in the UK on income taxable in both countries. Ask your UK tax office for the free booklet IR20 (residents and non-residents - liability to tax in the United Kingdom).

Protected investments

IN COMMON with many thousands of self-employed people, we paid single premium pensions each year to the maximum allowed. These have now been converted into annuities. In the event of the issuing insurance companies finding themselves in financial difficulties – not impossible these days – what would be the position of the annuitants?

■ Insurance policyholders and annuitants enjoy better protection as a result of the Policyholder Protection Act 1975 (in most cases, 90 per cent-plus of their investment guaranteed) than depositors with banks (whose deposits are protected only up to £15,000) and users of other financial institutions.

Wrong line

I LIVE in Kent, and work in London. I have a second house in Middlesex, which I am renting to others. I bought a rail and underground ticket for a year. This ticket is being used to go to work and pay a weekly visit to the second house. I want to claim a quarter of the cost of the ticket from the tax I am due to pay from the house rent. Will the tax office allow this?

■ If the house is let unfurnished, the answer to question one is no. If the house is let furnished, the answer is still really no. Although a taxpayer recently won an appeal before the General Commissioners in respect of the cost of travelling from Surrey to Manchester, where he let accommodation to students, it is most unlikely that you would be similarly successful, even if the commissioners' decision is not disturbed in the high court.

Moving story

I AM ENGLISH and a taxpayer in the UK but wish to move to Australia. I am investing in a personal equity plan with a view to building up an income stream.

Would this income still be tax-free if brought into Australia?

■ As soon as you cease to be resident (and ordinarily resident) in the UK for tax purposes, you must stop putting money into your Pep.

This rule is to be found in regulation 7 of the Personal Equity Plan Regulations 1989, as amended.

On the other hand, by virtue of regulation 8, you can retain your existing plan benefits after you cease to be resident in the UK.

Ask your tax office for the free pamphlet IR58 (going to work abroad). You might also like to ask for booklets IR6 (double taxation relief) and IR20 (residents and non-residents – liability to tax in the UK).

Since our Q&A Briefcase advisory service is limited to the laws of the UK, we cannot give you any guidance on your prospective tax liability in Australia.

Liability for CGT

MY WIFE and I sold our business at the end of 1988. This caused a liability to CGT, which we paid. We then went abroad for a period.

In 1990, we returned to the UK and bought a property. This has been let since September 1992.

Because of our investment in this, can we recover the CGT paid earlier?

If so, what liability do we incur for future CGT should we re-sell the property?

■ The answer to your first question is no, as you will see from the free pamphlet CGT11 (CGT and the small business), which is obtainable from your tax office.

The chargeable gain on the eventual sale of the let property (assuming that you never live there and also nominate it as your joint main residence) will be based upon the actual cost, indexed from the month of the purchase contract to the month of the sale contract (exchange of missives).

Ask your tax office for the free pamphlets CGT14 (capital gains tax – an introduction) and CGT4 (owner-occupied houses).

PERSPECTIVES

Truth of the Matter

An impossible act to follow

We lack anything today to match Beveridge's vision, says John Gray

WRITING IN 1960, in his book *The Constitution of Liberty*, Friedrich von Hayek opined: "Instead of the five giants which the welfare state of the Beveridge report was designed to combat, we are now raising new giants which may well prove even greater enemies of a decent way of life.

"Though we may have speeded up a little the conquest of want, disease, ignorance, squalor and idleness, we may in the future do worse, when the chief dangers will come from inflation, paralysing taxation, coercive labour unions, an ever-increasing dominance of government in education, and a social service bureaucracy with far-reaching arbitrary powers."

Today, Hayek's assessment of the inheritance of Beveridge seems ungenerous and doctrinaire. In an imperfect world, the Beveridge reforms achieved a decency in the quality of ordinary life in Britain that it is not unreasonable to be nostalgic about.

The acceptance of the Beveridge report by all the major parties embedded in the post-war political settlement a national consensus on three policies that was to endure for a generation – the responsibility of government to maintain full employment, the institution of a national minimum from which the stigmas of the old Poor Law had been removed, and the provision of good medical care for all through a National Health Service.

For a quarter of a century after its implementation by the Labour government in the late 1940s, the Beveridge report was accepted as the basis of a national settlement which largely succeeded in protecting ordinary people from the worst insecurities of life.

This was no mean achievement and it is fair to say that, despite the neo-liberal proposals of the New Right and revisionism about welfare policy in the Labour Party, we lack today anything that matches the scope and sweep of Beveridge's vision.

By comparison with our own times, 50 years on, the period of the Beveridge consensus may well seem a golden age, unscarred by the mass unemployment, pervasive squalor and rickety health services that are such prominent features of life in Britain in the 1990s.

But too much has changed irrevocably in British society since the post-war years, and the seeds of destruction of the Beveridge consensus had already been planted long before the Thatcher governments of 1979 and after began to tear it up by the roots.

By the mid-1970s, it had already become clear that post-war macro-economic policy had resulted in a stubborn stagflation in which full employment itself could not be sustained.

Beveridge's expectation that the costs of health care would fall as the nation's health improved had been utterly confounded as new degenerative diseases replaced the old poverty-related scourges and the medical needs associated with old age proved to be inherently insatiable.

The emergence of a culture of dependency and its embodiment in an alienated underclass had revealed the unacceptable face of welfarism in Britain. Changes in the pattern of family life, and in the position of women in society, had in any case made welfare policy on the Beveridge model anachronistic.

It would be a mistake to suppose that Thatcherism embodied any systematic alternative to the Beveridge inheritance. At the level of theory, neo-liberal ideologues proposed a variety of hare-brained schemes, which were wisely ignored by successive Thatcher administrations.

Such schemes presupposed the roll-back of the welfare state as it had evolved in Britain, not merely since Beveridge, but over the past century, and its wholesale replacement by measures such as the Friedmanite negative income tax, insurance-based medical care and voucher schemes in schooling and welfare.

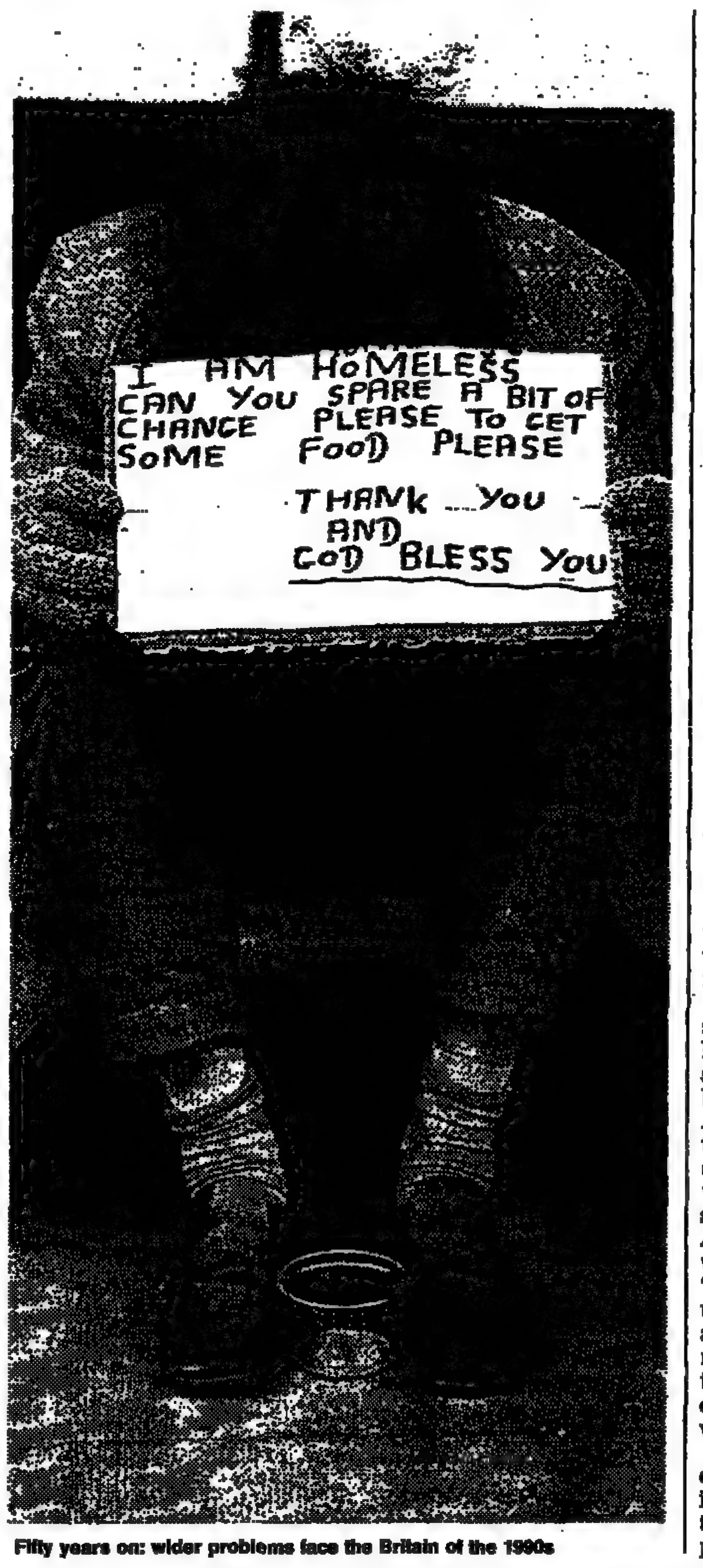
In political practice, Thatcherite welfare policy was piecemeal and unsystematic, consisting of a series of *ad hoc* cuts and the introduction of internal markets, particularly in the health service. While such a piecemeal approach is certainly preferable to the madcap schemes of neo-liberal ideology, it hardly does justice to the seriousness of the crisis that has overtaken the Beveridge inheritance.

If Labour thinkers are increasingly revising the party's fundamentalist commitment to universality in welfare benefits, this is mainly from a realistic acceptance that decent universal benefits are simply not affordable for the forseeable future, rather than an expression of any alternative vision.

At the same time, there is a growing sentiment in all political parties that the squalid and divided society that has followed the collapse of the Beveridge inheritance is ugly, graceless and potentially unstable. The task for all parties is that of squaring public discontent with an uncaring society in which the long-term unemployed eke out a wretched existence on the dole and the disabled and the chronically sick – the most vulnerable – are increasingly the victims of spending cuts with the brutal realities of political competition for scarce resources. This is a predicament that Hayek's pessimism about Beveridge's welfare anticipated but which nothing in the neo-liberal ideology he inspired helps us to resolve.

If there is any model for the radical reform of the welfare state that is bound soon to come on our political agenda, it is not America, but rather New Zealand, which already has had to attempt to reconcile a commitment to a humane welfare state with falling living standards – the prospect that looms for Britain. The fact of the matter is that, with the Beveridge inheritance no longer a feasible option for us, we have yet to come up with a successor to it.

John Gray, a Fellow of Jesus College, Oxford, is author of Post-Liberalism: Studies in Political Thought (Routledge 1993).



Fifty years on: wider problems face the Britain of the 1990s

As They Say in Europe

Jackboot reaction

James Morgan looks at Germany's image abroad

THE FACT that Germany's most august organ of conservative opinion is now concerned deeply about the practice of setting fire to foreigners shows things are getting out of hand. The *Frankfurter Allgemeine Zeitung* wrote the other day: "The terrorism of the right has now reached the *niveau* of that of the left."

This statement was justified by arguing that the right was now selecting targets in cold blood, rather than killing people accidentally in the course of some other, presumably more innocent, endeavour, such as random fire-bombing.

Generally, though, the latest events have led to more introspection than ever. Everybody who is anybody is called in to diagnose the latest version of that popular game show, What's Wrong with Germany.

In the *Welt am Sonntag*, Dr Gertrud Höhler said: "We Germans seem helplessly chained to that fatal mixture of self-admiration and self-contempt."

Hohler is a kind of renaissance woman – a professor of literature, a management consultant and a member of the board of Grand Metropolitan. Although she provided one of those interminable angst-ridden bits of self-analysis in which the Germans specialise, she also has a way with words. As she sees it, world opinion will deal with the Germans – "a people which cannot get used to showing its strength and cannot combat its weaknesses without false sentimentality". She noted that if you cannot deal with things, you will be dealt with.

Papers run a country-by-country review of Germany's image abroad today. One had to get to Japan before finding a place where little or no harm had been done. To the Germans, there is not much virtue in that: they show a certain ambivalence in how they are viewed by the Japanese – "the two countries which started the war and lost it".

Sometimes, the Germans influence others by the way they observe themselves. The *Frankfurter Allgemeine* ran a headline after the deaths of the Turks at Mölln – "One taboo less" – which became the title for a similar editorial in *NRC-Handelsblad* of Rotterdam.

That paper concluded by wondering, as do all of Germany's neighbours, how German society was going to react to what the *FAZ* had called "the removal of the taboo on national socialist ideology".

It is difficult to know where the real responsibility for the removal of this taboo lies. I have, reluctantly, come to the view that is the best people in Germany who may have played a role.

Unlike, say, a quarter of a century ago, the media maintains an exacting schedule of comment on every conceivable aspect of the Third Reich. There is hardly a book review section that does not mention a new tome about a hidden corner of German society in the '30s and '40s.

Towns, large and small, open museums dedicated to that period. The most recent was in Dortmund where the full horrors of the Gestapo and the Holocaust, as they applied to that city, are revealed. Even the "beating up chamber" was restored to working order. That, in turn, occasions lengthy analysis in the papers.

This steady flow of information has led to some kind of normalisation of the Nazis. Where the "ghosts of the past" are on everyday view, they cease to be so spooky.

The Germans have, conscientiously, presented the "banality of evil" (in Hanna Arendt's phrase) and thereby put it at the disposal of the most banal sections of the population: dreary young men who, normally, would be planning a drunken spree or a bit of car stealing. Those same young men now fantasise about stepping into the jackboots of their nastier grandfathers.

In Germany, those museums in Dortmund and elsewhere name those grandfathers; in Britain, the yobs have no such figures to emulate.

It was notable that when the secret files on the occupation of the Channel Islands were released this week, nearly 50 years late (or 50 years early, according to British rules), the names of collaborators were erased to protect the guilty.

It is always worse if it happens in Germany. In France, a boulangère in Reims shot dead a young Moroccan who, with his friends, got involved in a row with the woman's uncle, who was running the bakery, over stolen croissants. The National Front supported the plea of legitimate defence and she was acquitted of everything two weeks ago.

I imagine that this is the first time you have read about this story, unless you live in France. But if it had happened in Germany...

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

Motoring/Stuart Marshall

A message for the road-racers

FINESSE, not a heavy right foot, is the hallmark of the really good driver. These are not my words – although I agree with every one of them – but those of the former world Formula I champion, Jackie Stewart, in the latest edition of his *Principles of Performance Driving* (Hazleton Publishing, £16.99).

It is a book with a message for all people who think: "Look at us...we are enthusiastic drivers", as they shoot away from the lights with squealing tyres, or change down unnecessarily through the gearbox at high revolutions on the approach to a stop sign or roundabout.

All they are doing, writes Stewart, is notifying others of their impending arrival. "The public hear you coming and are just waiting for the accident or incident. If there is one, even if it is not your fault, they will think you are to blame because your manner of driving suggests recklessness."

Stewart makes the point that although race driving and road driving are totally different, both require finesse and personal sensitivity. On the circuit, the idea is to use these qualities to get the maximum performance out of the car. But, on the road, they should produce a docile ride for passengers while treating other motorists with consideration.

The book, packed with expert and sensible advice about driving and roadcraft, is really an autobiography and personal testament combined. I found it an enjoyable read. So will anyone who can see driving as a craft, not as a chore or an opportunity to show off.

Road deaths in Britain are surprisingly low – although, of course, still far too high – at about 5,000 a year. Surprisingly, because there were twice as many fatalities when only a fraction of today's 27m vehicles used UK roads.

There are many reasons for the decline. Modern cars are so much tougher that motorists now walk away from accidents that would have killed or maimed them in the pre-seat belt days of 30 years ago. Motorways and by-passes keep unwanted through traffic out of towns and villages.

On the down side, standards of driving have deteriorated. Modern cars are so undemanding that no real skill is needed to drive them. Modern technology – such as anti-lock brakes and incredibly grippy low-profile tyres – allow the foolish and wilful to get away with appalling behaviour on the road.

Some manufacturers have done nothing to promote responsible use of their products. The Automobile Association complained last week that 25 per cent of all motor advertisements have ignored a resolution passed by European ministers of transport calling on car-makers to steer clear of promoting speed, power and acceleration.

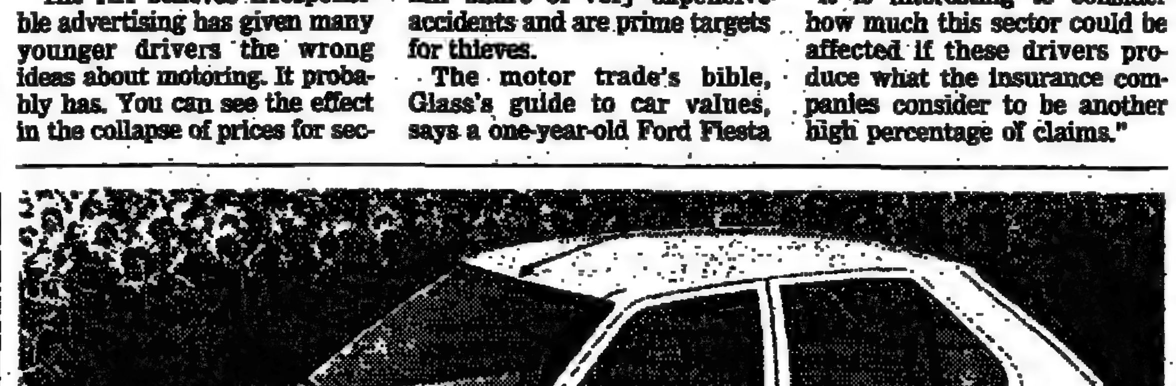
A survey had shown AA members ranked performance only 27th in a list of 40 features considered important when choosing a car. Yet, many advertisements still concentrated on high performance or depicted motoring as a sport.

The AA believes irresponsible advertising has given many younger drivers the wrong ideas about motoring. It probably has. You can see the effect in the collapse of prices for second-hand hot hatchbacks, which have been promoted mainly on their performance potential.

The insurance companies have inflated premiums hugely, especially for those under 30, in a bid to balance their books. Hot hatchbacks are involved in more than their fair share of very expensive accidents and are prime targets for thieves.

The motor trade's bible, Glass's guide to car values, says a one-year-old Ford Fiesta XR2i was worth 66 per cent of its original price in December 1991. Now, a year-old model is worth only 53 per cent. The story is the same for all other GTi hatchbacks.

Glass's notes that many young drivers are turning to recreational 4x4s as a sporty alternative, and adds, darkly: "It is interesting to consider how much this sector could be affected if these drivers produce what the insurance companies consider to be another high percentage of claims."



THIS urbane five-door diesel will join the Peugeot 106 range in Britain early in the new year. Already a firm favourite in France – not least because of its 59 mpg (4.8l/100km) average fuel consumpion – it is quiet, rides beautifully and is quite spacious inside, although it is small enough to tuck into tiny parking spaces. Power-assisted steering, an optional extra within a year, will make it an ideal urban car with legs long enough to make light work of motorway journeys. Prices will be slightly higher than for the three-door, 106 diesels, which start at £7,142.

An EC cuckoo

Continued from Page I

Swiss way of life. The Swiss here see not only their jealously guarded institutions under threat, but their livelihood as well: they are afraid that EC controls on agricultural subsidies would eliminate age-old but now uneconomic and heavily protected small-scale farming.

The ideological differences separating traditional Switzerland from the Switzerland of the pro-European periphery are large and growing. There are now fears for the future unity of the Swiss Confederation.

"If the results of the December 6 referendum are split along French and German ethnic lines, we will have tension and possibly a separatist movement to contend with", predicts Roger de Weck, editor of the *Tages Anzeiger*, Switzerland's largest German-language newspaper. "We are not a liberal country, but a radical country. We have imposed order and compromise because we have had a bloody history. Tensions which are now under control could explode."

□□□

It is in such references to history as Roger de Weck's that the most profound responses to European integration lie. Officially, political debate over future relations with Brussels is couched in the language of logic and reason. But lying behind these arguments are illogical, instinctive attachments to race, culture, nation and to the inbred traditions of history.

It is the battle between market logic and these powerful atavistic forces that give such unpredictable direction to European unification efforts. The struggle in Switzerland between head and heart, between economic opportunity and separate political identity is particularly poignant because until now no such choice has been necessary – in the past these have not been contradictory ideals. On the contrary, they underlay the Swiss view of the world.

Self-reliance and suspicion of outsiders is the hallmark of mountain people everywhere; an unforgiving environment leaves no room for chance or risk-taking. In the case of Switzerland, a tiny state without natural frontiers, the hostile designs of powerful foreign neighbours – the Habsburg empire, royalist France, Napoleonic France, and Nazi Germany were but a few – have added to native conservatism a deep-seated sense of national vulnerability.

The internal ethnic and religious disputes, often bloody, that have emerged time and again between Swiss of German, French and Italian culture over its 700-year history have only added to Switzerland's sense of its own fragility. Swiss folk heroes like William Tell are not bold, aggressive conquerors; they struggle for a Switzerland that is peaceful, self-reliant, and above all, free of foreign entanglements.

It was this mental make-up of vulnerability that gave birth to many of the country's unique political views and institutions – its reluctance to resolve problems through direct confrontation; its mistrust of central authority, extremism and heavy-handed leadership; its intentionally weak federal government; its local decision-making and popular voting system.

At the same time, however, Switzerland has been forced to go to the outside world to make its living. Landlocked and with no natural resources of its own, fearful for its fragile, institutions, Switzerland adopted a policy of strict neutrality, killing two birds with one stone: political isolation gave it the right to trade with any nation, but no nation the right to intrude in Swiss affairs.

For much of its history Switzerland profitably marketed to all and sundry the only commodity it possessed – high quality professional mercenaries. Neutrality giving it the peace it needed to enjoy the fruits of war, Switzerland participated impartially in almost every European conflict for several centuries. Precision machinery, pharmaceuticals and luxury goods replaced mercenaries in the 19th century, but the strategy remained the same.

Given its historical duality, is it any wonder that the Swiss are having difficulty in finding their place in the new Europe? In the past, reconciling inward-looking politics and an outward-looking economy presented no problem. Today it does, and the future of Switzerland depends on the resolution of a profound ambivalence.

Cookery/**Philippa Davenport**

Pheasant thoughts from the larder

WHEN I wrote recently about rabbit in preference to pheasant, some strong letters resulted. "Pheasant is the only meat this kitchen will see between now and Christmas," laments one. "My larder is a flurry of feathers and the freezer is full," writes another.

Now I relent, and I hope that the following recipes may help a little. But first a suggestion. In some households, there is a rule that whoever shoots the bird also plucks and draws it. Perhaps the time has come for an addendum: whoever shoots it plucks, draws, cooks and eats it - and washes up afterwards.

PHEASANT PASTITSIO

This is a comforting dish for a shooting lunch or a Saturday lunch party at home, and it is convenient for the cook as it can be prepared ahead and re-heated for serving.

For six-eight people, take two well hung pheasants and roast or braise them, depending on age. Take care not to overcook them.

Cut off the legs and save them for another recipe, such as the one given below. Strip the meat from the other parts and make a rich stock with the bones.

Chop and fry a couple of onions in a little fat. Add a clove or two of finely-chopped garlic, 6-8 oz streaky bacon cut into matchsticks, and a few mushrooms, chopped or sliced. Stir well and pour on a generous glass of red wine. Let it bubble up and cook until most of the liquid has been driven off.

Add marjoram, thyme and about 7½ fl oz of pheasant stock and simmer gently for about 20 minutes to make a rich sauce.

Stir in the pheasant meat cut into chunks. Season, adding a squeeze of lemon or perhaps a splash of brandy, and set aside.

Boil 9-10 oz of macaroni and arrest cooking by plunging the pasta in cold water afterwards. Then make a bechamel sauce with 2 oz each of butter and flour and 1 pt of milk infused with a bay leaf.

Away from the heat, stir in 2 oz grated cheese (preferably a mixture of feta and Cheddar) followed by ¼-⅓ pt yoghurt and season with salt, pepper and nutmeg. Mix in the macaroni.

Put half the macaroni into a lasagne dish or similar. Cover with the pheasant mixture and finish with the remaining macaroni.

To reheat for serving, scatter coarse, slightly stale breadcrumbs all over the surface and bake at 375°F/190°C (gas mark 5) for 45 minutes or so until piping hot.

TWO-HANDED PHEASANT SANDWICH

This is good food to slip into the pocket of a Barbour when spending the day with one of those small syndicate shoots where each gun brings his own nosebag.

A flask of hot soup, a slice each of fruit cake and cheese, and an apple would complete the picnic menu nicely.

For each person toast, two thick slices of bread and cool them. Butter one lavishly and close carpet it with watercress, pressing the greenery down onto the butter.

Spread the other slice with generous dollops of chutney and pile onto it plenty of cold, cooked pheasant meat. (Any part of the bird can be used, but I find this sandwich is a good vehicle for using up the leg meat, stripped carefully of sinew.) Invert the first slice over the second, press firmly together, and wrap in greaseproof paper and foil for carrying.

MUSHY PEA SOUP

For a portable lunch on a chilly day's shooting, or to put good heart and good voice into a group of carol singers, this is most satisfying (if porridgy thick). A thinner version, scattered with croutons of fried bread or snippets of grilled bacon, is perhaps more suited to serving in the dining room.

To serve six, soak ¾-1 lb marrowfat peas overnight: the larger the quantity, the thicker the soup.

Choose a heavy pot and warm in it a spoonful or two of fat: goose or duck fat, melted bacon fat, olive oil or butter. Sweat a large, finely-chopped onion in the fat.

Stir in the soaked and drained peas. Pour on 2½ pt liquid, ideally a mixture of leftover gravy and stock.

Cover and simmer gently for 45 minutes until the peas start to collapse to a mush. Stir now and then to prevent the mixture from sticking.

Process the contents of the pan to a mealy puree, as smooth or as knobbly as you wish, and season before reheating for serving.

To port, with no thought of storms

Jancis Robinson lets the (female) side down

I HAD felt so flattered to be asked to be the first woman to attend, and speak at, the annual treasurer's dinner at the Factory House in Oporto. The Factory House is somewhere very special: a handsome, 18th century edifice on a patch of British soil in the middle of Portugal's second city, a relic of the days in which British merchants, or factors, needed a place to congregate and, doubtless, lament the lack of home comforts.

At one time, these factors would have dealt in all sorts of commodities; but for nearly 200 years the Factory House in Oporto has been the seat of the Port Wine Trade, defined by its Britishness, love of capital letters, and its exclusion of women from its British Association and its weekly Wednesday lunches.

This year, it was the turn of port shipper Taylor to field a treasurer and his turn, therefore, to choose a speaker for the annual Treasurer's Dinner. In retrospect, I suspect I was invited because the head of Taylor's, Alistair Robertson, has no sons but three daughters, and a wife who feels strongly about women and the Factory House. It was, probably, hoped that I would behave nicely and demonstrate that no evil would result from giving in to the inexorable dual-gender sweep of evolution (especially as an increasing number of women now play a serious part in the port business, the clever little things).

I certainly intended to behave myself. I purposely left in my wardrobe any remotely daring female answer to the black tie and, as I mounted the granite steps to the Factory House's first floor drawing room with its portraits of Grahams, Sandemans, Crofts, Warres and Symingtons, I was absolutely determined to be as unembarrassingly unobtrusive as possible.

After rations of white port from golden decanters, 28 descendants of these Sandemans, Grahams etc and their workmates (some of them actually Portuguese), the British ambassador, the incumbent of the British Church in Oporto and I made our way to the dining room. That bit was fine. We chatted our way through a five-course dinner with a white Portuguese table wine, Camarate 1991, Ch Beychevelle 1984 ("hope you approve") and a 30-year-old tawny port.

There was a very slight hiccup as we moved to the same places at the table in the near-identical dessert room next door, a tradition as old as the long Georgian tables themselves. Should the lady go first? (No. Frightfully complicated. We'd never find our places in the candlelight.) It was here, over fruit and nuts and beautiful decanters in strictly clockwise motion, that we were to get down to the business of listening to the speeches and polishing off (11 bottles of) "proper" port: vintage port, Taylor 1948 no less – an absolute dream of mellow concentration.

Did I say mellow? Well, the shippers certainly showed signs of concentration on my speech, but I am not sure that it left them feeling at all mellow. I had done my research on previous speakers and, realising I could hardly follow the joky route of Willie Rushton, or the historical tour d'horizon of an ambassador, decided I had better tell them about one of the few relevant things I probably knew a bit more about than they did: port and the British wine market, the one they depend on for sales of better quality ports, and profits.

I had honestly assumed that, before suggesting a few ways in which they might improve port's appeal, I would merely be illuminating some of the darker corners of a not particularly bright picture. After all, they must have noticed that port shipments to Britain, and to most other major markets, have been falling. But I felt as though my report on the portlessness of so much of contemporary British society came as an absolute bolt from the blue to this coterie of expatriates.

Before flying to Oporto, I had done a certain amount of ringing round to discover just how much port was served where. To my horror, I heard sharp intakes of breath as I gave them what were meant to be the *heartening* statistics before the dispiriting ones (such as that London's hugely successful Kensington Place restaurant serves 10,000 meals each month – and just four bottles of vintage port).

My point was that although port may still be drunk in quantity by shooting parties and pensioners, it is losing its place rapidly in the modern wine drinker's life, cellar, habits and heart – witness the collapse of vintage port prices in the auction rooms as investors offload this unfashionable commodity, and the availability of vintage port at almost embarrassingly low prices from such on-the-ball merchants as Oddbins and Farr Vintners.

Port: the only way to savour it is to plan ahead

Most of my friends, I told them heartlessly, love wine and take such advantage of the hugely improved quality of table wine that they just cannot afford the time or bloodstream capacity for a super-alcoholic drink at the end of a meal. And if today's thirty- and forty-somethings aren't drinking it, who will?

I did go on to outline various ways of galvanising the wine trade and press; to suggest that they try to promote port with food; and to underline the increasingly popularity of the much lighter and more versatile tawny port that, unlike vintage port, needs no decanting and is delicious chilled. But I am not sure they heard. I suddenly realised that I had probably set back the prospects for women being allowed into the British Association for millennia.

I really did think I was being informative and constructive; but I suppose that, if you are a member of a port shipping family, you do drink a lot of port and make sure your friends do, too. So, inevitably, you are somewhat sheltered from the cruel caprices of the marketplace.

You are also – and this surely is the key – much more limited in the quality and range of wines drunk *before* the port. Probably the only way to savour port is to plan ahead for it by deliberate restraint en route.

The way to enjoy vintage port to the full, I suspect, is to stand up the heavily sedimented bottles for a few days before decanting them, invite punctual guests, give them a little interesting (rather than stunning) wine to begin with, and to make the cheese/sweet dessert section of a dinner its focal point. I, for one, owe it to my sisters in Oporto to put this into practice.

■ Both Oddbins and Majestic offer the already enjoyable Quinta do Noval 1982 (listed by non-rapacious Adnams of Southwold, Suffolk, at £16.50) at £9.99. Whitwhams of Altrincham, Greater Manchester, and Farr Vintners of London SW1 sells whole dozens of keenly-priced top vintage ports from the 1980s and 1970s. See also Christie's December 10 sale (some VAT-free parcels) and Sotheby's sale on January 20. Many 1980s and 1970s are delicious now; 1985 and 1977 are vintages to keep.

Appetisers

THE SPANISH couple we passed at the entrance to London's newest Spanish restaurant, Albero & Grana at 89 Sloane Avenue, SW3 (tel: 071-225-1048), looked typically elegant, writes Nicholas Lander. Even more typically, they were going in to eat at 11pm as we were leaving.

Albero & Grana is a brave attempt to introduce Spanish colour and some of the more unusual dishes that top quality Spanish cooking can offer. Although the restaurant takes its name from two colours associated with the bullfight (*albero* is the sand used in bullrings, *grana* the red of the matador's cape), there are some sensible design touches which soften the decor and differentiate it from the bustling tapas bar at the front.

The restaurant has imported Angel Garcia, a Michelin-starred chef from Madrid who, not surprisingly, will take some time to find his feet. At our dinner, only the main courses – *zarzuela*, a Catalonian fish stew, a huge plate of grilled fish, and a best end of lamb with garlic purée – really evoked the best of modern Spanish cooking.

Restaurant: about £20 a head. Open seven nights 7.30pm-11pm. Tapas bar: 5.30pm-midnight.

□□□

One item missing from the smartest dining tables in Britain for the past two years has been Badoit mineral water. Exports were stopped when droughts in France led to a sharp reduction in source levels. Now, it is available again from Majestic Wine Warehouses. One litre costs 97p. There is a deposit of 20p a bottle and crate deposit of £2 (fully refundable).

TRAVEL

Rome: the only speed is slow

Michael Thompson-Noel steps gingerly from sight to sight

Slow day in the Piazza di Campidoglio: "In Rome, there are small or large delights at almost every step"

THURSDAY, 9am. I am about to board a coach for a 3½-hour tour of central Roman sights. It should not be over-strenuous: the Trevi fountain, Pantheon, Piazza Navona, St Peter's and then back across the Tiber to my hotel near the Villa Medici so I can gather my wits.

I have not been to Rome before, and already I can see that I will not be disappointed. Rome is almost as I had imagined it, a giant pop-up postcard crammed with so much stuff – large, important stuff: ancient, medieval, Baroque and modern – that my head is spinning. Yet it is also strangely different: more dynamic, but also more intimate; noisier and crowdier in parts, but also more subdued; messier, nastier traffic, but also less flamboyance than I had expected.

After a short drive we strike out on foot, and soon reach the Trevi fountain. I distrust people who are snobbish about sight-seeing, and would dislike anyone who had a rude word to say about this fountain. It is larger than I had imagined, and so far over the top that I warm to it at once. On a bench near the fountain a couple are canoodling. It is only 9.27, yet they are whispering and licking ears. I borrow a coin, and am about to throw it into the fountain – backwards, as instructed – when the guide rushes up. He is not a happy man. He jabs his finger at me. "You *must* keep up," he says. "If you do not follow me you are certain to get lost."

We stroll towards the Pantheon. There is something to enjoy, some small or large delight, at almost every step. I notice that even the smallest cafés have Caravaggios on the walls and the bones of saints stashed beneath the floors.

We are approaching St Peter's. On the sidewalk, a tramp shuffles past. A woman tourist recoils from him in horror. His feelings are badly hurt. "Go on," he shouts. "Go and look at St Peter's, and then sod off home. Rome doesn't need tourists like you."

I spend a miserable 40 minutes in St Peter's Basilica, which depresses and saddens me. I am intimidated, and know that I am meant to be, for this is the architecture of totalitarianism. On the other hand, I recall what the writer Malachi Martin said: that Romans have long memories, and remember the time when the popes deserted them. Rome became the refuge of robbers preying on a few farmers, its monuments overgrown, so dank and smelly that it was known across Europe by the nickname "Cowpatch." Romans, says Martin, "know with surety Rome will always house the Great Fisherman. Or cease to be Rome."

1pm. I am restored to full happiness, for I am now enjoying lunch – an American Thanksgiving lunch – in the rooftop restaurant of the Hotel Hassler, one of the best in Rome, which is at the top of the Spanish Steps, next to the twin-domed Trinità dei Monti Church.

In his latest travel book, *The Happy Isles of Oceania*, Paul Theroux warns against the corrupting effect of staying too long in luxury hotels. Their comfort and solitude, he says, can become an addiction. "After even a short experience of luxury, anything less is like punishment." Theroux is a wise man. But I am staying at the Hassler for only two nights, so my risk is a small one. Its location is superb, and the comforts it offers are complemented, as so often with grand hotels, by a zephyr of eccentricity.

3pm. Siesta.

5pm. I still haven't clapped eyes on the Colosseum, though I am reading a first-rate book by Roberto Luciani (*The Colosseum*. Istituto Geografico) which is telling me many things I did not know about the Flavian amphitheatre and its circuses. For example: what high-society women most longed for in ancient Rome was "a gladiator of the Thracian speciality" (shield and short sword).

7.30pm. I am half-way down the Spanish Steps, which are crowded with flirts. There are knots of police, armed to the teeth. At the top of the steps, a six-strong Peruvian pipe band is playing something mournful from the Andean charts. The entire scene is heartwarming. Nor is it cold. Although it is late November, the temperature is 15°C.

Malachi Martin says that May is the time to be in Rome, when the city is filled with flowers and sparkling fountains and the sky is the one that Raphael called "the casement of Heaven." But perhaps the thinning of the ozone layer is changing things around. Perhaps, next century, Rome in May will be as hot as Casablanca now, and tourists will only visit it in December and January.

9.15pm. Still haven't caught sight of the Colosseum. I am dining at El Toula, an extremely fine restaurant on Via della Lupa. I am in the company of three intimidatingly senior UK female travel writers – women who know the price of everything in 140 currencies and the value, when they encounter it, of flakes of white truffle sensuously scattered across a plate of risotto. We just keep on eating; nothing seems to stop us; soon we can hardly move.

Friday, 11am. I have spent the morning pottering, avoiding major sights, concentrating on small stuff, the infilling of 20 centuries. Now I am in the Keats-Shelley Memorial House, the Casina Rossa, on Piazza di Spagna, at the foot of the Spanish Steps, chatting to the curator, Bathsheba Abse. Keats spent the last three months of his life here, dying, of tuberculosis, on February 23 1821. He was barely 25.

At Keats' death, the room in which he died was thoroughly disinfected to comply with papal government regulations. The furniture, including windows and doors, was burnt in the square. Ms Abse is planning to turn the room back into a bedroom. You can still see the pale blue rosettes between the ceiling rafters. There was little else for Keats to stare at. He said the rosettes gave him the feeling of flowers growing over him.

1pm. Lunch in Piazza Navona. I am amazed, studying my map and glancing through a guidebook, at the sheer tonnage of Roman sights I have not yet been near. But you cannot hurry Rome, so what is the point of rushing?

4.30pm. Stretch limo to the airport. The traffic is appalling. Finally, in the livid twilight, I pass the Colosseum. God, but it's . . . huge.

■ *Michael Thompson-Noel was a guest of the Hotel Hassler, Trinità dei Monti 6, 00187 Rome, minutes from the Via Condotti, tel: 06-6782651, fax: 06-6789991. Double rooms cost approximately £300 per night. Various suites cost from about £600 to £1,350 per night. There are said to be weekend rates, but you have to ask nicely. This month guests can have double-room accommodation for any three consecutive nights for a bit over £100 per person per night, including breakfast, tax and service. You can also book through Leading Hotels of the World, tel (UK): 0800-181-123, or (New York City): 212-838-3110. There is a self-catering flat above the museum in Keats' House. It sleeps four (twin room plus two singles), is let throughout the year and can be booked up to three years in advance. Details: Landmark Trust, Shottesbrooke, Maidenhead, Berks SL6 3SW, tel: 0628-825925, fax: 0628-825417. The trust's handbook costs £7.50 in the UK (£10 elsewhere in Europe), including p&p.*

Practical Traveller

A guidebook revolution

HERE are three things you may not know about travel in eastern Europe, writes Michael Thompson-Noel:

1) Tick-borne encephalitis is known to exist in forested areas from the Austria-Hungary border east to the outskirts of Budapest, so you might want to get a vaccination. Risk season: March-November.

2) When leaving Warsaw, you will have only yourself to blame if your luggage doesn't make it onto the aircraft. You have to put it on the correct conveyor belt yourself.

3) You get what you pay for if you buy 2-cent (30-stotinki) Bulgarian condoms (aka Medbio Protex). They tend to fall apart as soon as you unroll them.

These facts, plus thousands more, can be found in *On The Loose In Eastern Europe*, one of four new-style budget guidebooks – the Berkeley Guides – produced by students of the University of California and published by Fodor's. The other three guides in the series cover Mexico, California, and the Pacific Northwest and Alaska. In Britain they cost £8.99.

With luck, the Berkeley Guides will detonate a bomb in the fusty old world of guidebook publishing. True, their political correctness may grate on some readers: "We tell you if a place is wheelchair-accessible," they say, "let you know where people of colour may encounter discrimination, provide resources (information) for gay and lesbian travellers, and recognise the needs of women . . ." The guides are even printed on recycled paper using soy-based inks and are tied-in with various ecological action groups.

But they are funky (*Time's* description), well organised, well written and packed with insightful and up-to-date information. "We wrote the books," say the editors, "because the current crop of guidebooks doesn't appeal to student travellers . . . the competition has been regurgitating the same old muck for decades. In contrast, the Berkeley Guides are written from scratch. The information is fresh . . . the destinations covered were slept in, eaten in, boogied down in, and sized up by our writers. If a place sucks, we tell you and recommend something else."

Consider this paragraph from the section on Debrecen, capital city of the Great Plain of Hungary, near the Romanian border: "It's not unheard of to miss the last train back to Debrecen (about 8.15pm) while waiting for the waiters at the Hortobágyi Csárda to bring the bill. Hitchhiking after sundown is something of a challenge round here, so you may have to check into Camping Puszta for a night. This campground just behind the Herdsman Museum rents bungalows for \$7.70 and tents for \$1.55 per person. The friendly staff changes money at a decent rate and rents bikes for \$3.20 a day (the flat countryside is perfect for biking)."

Wrinklies will *not* get much of a kick from the Berkeley Guides. But they are not only for students. They pack in so much information, and convey it so breezily, that they deserve wide readerships. Other guidebook publishers will just have to catch up.

■ DID YOU know that Neanderthal is a valley not far from Düsseldorf, in Nordrhein-Westfalen? Nor me. The valley was a remote place until about 1830, when quarrying revealed numerous caves, in one of which was discovered the skeleton of Neanderthal Man.

Today, Neanderthal is a nature preserve with many broad hiking trails. Families go to picnic there. There is a museum which tells the story of the discovery and contains a replica of the skeleton (the original skull is in the Rheinisches Landesmuseum in Bonn). There is an inn and a small hotel. The museum is open daily except Mondays, but closed in December and January.

I discovered all this from *The Scientific Traveller*, an unusual guidebook described as the first-ever guide to Europe's scientific heritage. It offers plenty of information. But it also describes places and people related to the history of scientific discovery throughout Europe. The authors, Charles Tanford and Jacqueline Reynolds, are scientists themselves.

The Scientific Traveller, John Wiley & Sons, £10.95.

Equestrian sports/**Keith Wheatley**

Pressures that push horses to breaking point

THE equine establishment is caught in a squeeze between the need to attract television, and consequent sponsorship, to its expensive sport and the humanitarian pressures from groups such as the League Against Cruel Sports which fear horses are being driven to cruel and unrealistic performance levels.

In the spring, the Badminton horse trials were a scene of muddy carnage. Three horses died at different fences after rain turned the cross-country course into a gooey brown skidpan. It was a bigger death toll than in the previous 13 years combined.

In a generation, Badminton has changed from the province of amateur riders astride game, talented hunters to a focal point of international sport. The difficulty of the course has increased to match the competitors' skill.

Badminton's unwanted headlines were followed by those during Wembley's annual Horse of the Year show in October. Sir Arkay, ridden by Swiss competitor Jurg Friedli, slithered out of control down a controversially steep 12 ft ramp. A rear leg snapped beneath the distraught horse, which had to be destroyed.

The show was without a television contract for the second year running and the organisers faced pressure to make it more visually dramatic. But one woman who took her children said: "That bank was just like an ice rink and the gradient was unbelievable. My daughter said no horse could get down it [in fact, two did make it before Sir Arkay] and she was physically sick when the accident happened."

When the Olympia Horse Show, an annual pre-Christmas treat for thousands of Londoners, opens on December 16, you can be sure the organisers will have taken no chances with dangerous jumps or obstacles. Yet, that plays into the hands of those who say the sport has become processional and overly-technical; a sport for aficionados rather than a mass audience.

'Sponsorships are directly related to a rise in abuses. There is more at stake'

At the Barcelona Olympics, the most terrifying jump on the three-day event course was "The cottage." Blyth Tait, a New Zealand rider, described it as "leaping on to the roof of a small house, then down on to the top of the garage before jumping into the fish pond." Naturally, there were a great many television and press cameras present in case of a spectacular disaster – whether life- or medal-threatening.

The most intriguing comment came from a Dutch show-jumping coach: "If there is a big accident and a horse is killed, then the Military [as they call three-day eventing throughout the Continent] is finished forever. The animal rights people already say it is too dangerous and many riders agree with them. Even show-jumping now has its critics. That is why dressage is so popular in Germany and the Netherlands."

Fortune smiled that day, helped by the many riders who sacrificed crucial seconds by opting for the safer, longer route, and there were no fatalities. Yet, when a Russian horse collapsed with heat exhaustion, it was treated with great secrecy by an enormous medical team, as if it were a US president having a heart attack. Clearly, officialdom had said that, with equestrian events already on the International Olympic Committee's hit list, there must be no casualties.

Facing greater obstacles: clearing a fence at the Horse of the Year Show, which is struggling to regain television's attention

After the Sir Arkay catastrophe, it came as no surprise to learn that the LACS were preparing a dossier on the incident with a view to bringing a private action. As the hunting fraternity has learned over the past decade, the LACS are affluent, professional, and prefer cases they can win. The gist of the league's argument is that unnecessary and unwarranted pain was inflicted and that someone should pay the price with a humiliating court appearance and subsequent punishment.

Horse are no longer simply large pampered pets. They are expensive and occasionally, disposable sporting vehicles as reports from the US demonstrate. A two-year Federal Bureau of Investigation enquiry into one Tommy Burns ended when Burns and an accomplice were caught breaking a horse's leg with a crowbar. Burns confessed to killing, at the instigation of the owners, show jumpers and racehorses worth millions of dollars. His fees ranged from \$5,000 to \$35,000.

In 1986, a US tax reform eliminated high-performance horses as a depreciable asset. Suddenly, all those Santa Barbara cosmetic surgeons no longer wanted a barn full of temperamental show-jumpers. Mysterious deaths of expensive horses began to rise.

According to *Sports Illustrated* magazine, Burns was a well-known figure on the US show-jumping circuit, where he was nicknamed "the Sandman." He usually killed horses by electrocution, which left little trace. The horses were assumed to have died of colic. Most of the insurance claims were paid by Lloyd's of London.

Money lies at the bottom of this whole phenomenon. Sponsorships are large but hard to find. Only the top-performing horses and riders are able to attract the funds to stay in the sport. But show-jumping can be lucrative. John Whitaker rode Milton, sponsored by the Henderson financial services group, to winnings of £1m.

"Sponsorships are directly related to a rise in abuses. There is more at stake," said a vet with links to the International Equestrian Federation.

In every professional sport, players drive themselves and their equipment to ever more extreme levels of training, performance and effort in pursuit of the huge rewards at the peaks of international competition.

Where the equipment consists of boats, cars and bicycles, all well and good. But the public might not yet be ready for horses to be harnessed to the same treadmill.

Golf/**John Hopkins**

Get a good grip on your mind

IT IS said that the most important inches in golf are those between the ears, and the more attention paid to the mental side of the game, the better. Certainly, at 8.30 in the morning, the 30 promising young professional golfers gathered in an hotel room in southern Spain were intent on listening to what Alan Fine was saying about mental training.

Fine had already made clear what he thought of some of the well-worn clichés of golf. "Practice makes perfect is bullshit," he said crisply. "Practice makes permanent, more like." Now, he was teaching a couple of simple exercises to improve concentration.

The golfers were ordered to collect a cotton thread and a safety pin from a table at the front of the room and attach the thread to the pin. "Hold up the thread so the pin is dangling," said Fine. "I want you to concentrate on the safety pin and make it swing like a pendulum towards me." The room went silent as the occupants concentrated on their task. Soon, the safety pins started swinging.

"Good," said Fine. "Now, I want you to concentrate on making the pins move anti-clockwise." Again a deep silence fell over the room. Moments later, he said: "Some of you have it moving clockwise and some of you anti-clockwise. That is all right. This exercise is an attention-grabber. It shows that whatever you think about generates a physical response."

Fine looked around at the surprised faces and smiled. For most of the golfers, being shown how the mind controlled the body was a new experience. They were promising professionals selected by Apollo, the golf shaft manufacturer, to attend this week-long course. For them, playing better golf was achieved by hitting hundreds of balls on a driving range.

Fine, however, spends his life trying to improve the performances of athletes and businessmen and, for him, a simple demonstration of mind over matter such as this was old hat. He trains executives "to maximise what they are capable of achieving."

The bulk of his work is done with companies such as Rockwell, IBM and DuPont and he spends part of each month in the US. But he is fascinated by the relationship between sport and business, believing that sport can be a metaphor for work.

"The value of sport is that, because it simplifies many actions and results, it is easy to see what has happened and thus to improve," says Fine. "Think of stress in sport. Its symptoms could be the same as stress in business. It is often caused by a lack of clarity as to what the goals are. Focusing on clarifying the goals, and the reality of achieving them, can reduce stress.

"Coaching in sport is about helping and empowering people to succeed. It is the same in business. When the task is greater than the skill available, then the classic response is to tighten up. You see that in golf and you see that in business. Top sportsmen use coaches because it helps them perform at their peak. The best managers coach their employees, too."

For Fine, the attraction of golf is that it is an excellent teaching and learning tool. "Golf points up the results of not using your mind well, much more than other sports," he says. "At its simplest, almost everything we do is either observing, listening, taking action or thinking. Everybody does some things that are combinations of these. The combinations may be different between sport and business, between a gardener and John Major, a golfer and a musician. But what I am trying to do is to help people get better at thinking, planning, talking and observing, because then they will be able to do their jobs better."

Fine, who does not play the game himself, has worked with Colin Montgomerie and Howard Clark, the Ryder Cup players, and Bernard Gallacher, the Ryder Cup captain. He has had the most success, however, with David Feherty, who was a member of the Ryder Cup team captained by Gallacher in 1991. "Before I met Alan, I was like a blind man looking for a black cat in a darkened room," says Feherty.

In those days in the mid-'80s, Feherty was a promising player and 15th in the money list, but he had yet to win a tournament although he and his peers thought him capable of it. After discussions, the two men decided Feherty was occasionally being over-cautious in producing a stroke. He would decide how to play it and then allow doubts to creep into his mind.

Fine thought of a technique that would help. "How much money would you have to lose for it to hurt?" he asked Feherty. "£500," said Feherty before adding, hurriedly: "No, £100." He knew something was up.

"I want you to write a cheque for £1,000 to your favourite charity and leave it with me," said Fine. "If you hit the ball fearlessly, I will return it to you. If you do not, I will give it to charity. I am trying to make you realise that it will hurt you not to commit yourself to every shot."

Feherty won the next tournament he entered. "I've won," he wrote in his diary. "Why didn't I do this before?"

The same technique has been used on businessmen. "I have had men tell me that they are totally in control of themselves and will definitely do something and then, along the way, they change their priorities," says Fine. "Twice, I have cashed cheques, one for £50 and one for \$10,000."

He adds: "Golf as a culture is more open than many sports. Golfers are more willing to try anything. Tennis players, by contrast, are more reactive. I like working with sportsmen. They enjoy a challenge and they respond to adversity."

■ *Alan Fine's company is Inside Out. Tel: 071-938-3365.*

American Football

When it comes to the crunch

IF ANYONE needed reminding that American *football is a violent game,* the events of the past week have confirmed that no team sport bears comparison when it comes to the physical damage inflicted on athletes in the name of entertainment.

Last Sunday, Dennis Byrd, a 6 ft 5 in (1.96 metre) *defensive* lineman for the New York Jets, rammed accidentally into a teammate while trying to flatten an opposing quarterback. The force of the impact broke Byrd's neck.

As soon as his body hit the *ground, it was clear* Byrd was in trouble. His first words were: "I don't have any feeling in my legs." As doctors and teammates crowded anxiously around, he asked: "Am I going to be paralysed?"

Sadly, the answer, at least for now, is yes. On Wednesday, Byrd had surgery to stabilise his neck and spinal cord. He has little or no movement in his arms or legs.

Byrd's tragedy came just a few days after Al Toon, the Jets' best wide receiver, retired because of injury. A blow to the head in a mid-November game left him groggy and confused for several weeks.

Although he was expected to recover, doctors told him he had taken too much punishment to the head over his eight-year career.

Toon is just one of many football players forced into involuntary retirement. Statistics show that two out of every three players retire from the National Football League because of permanent injury. Many spend the rest of their *lives in pain because of crip*pling damage to ankles, knees, hips, elbows and shoulders.

Although the total of injuries this season is about average, the numbers still are staggering. In the 12 weeks of NFL play, nearly 500 players have had to miss at least one game. That is almost 18 for each team.

While life-threatening collisions are, fortunately, quite rare, Byrd broke his neck almost exactly a year after a Detroit Lions defender was paralysed permanently by a similar injury. And with footballers getting bigger and faster, it is obvious that the chances of getting hurt badly are increasing.

Byrd's injury has re-opened the debate about whether American football is too violent and if the rules should be changed to make it safer. The usual reaction among players is to say that violence and injuries are a natural part of the sport.

Violence on the gridiron . . . Dennis Byrd lies prone after breaking his neck in a collision with a teammate

This is not surprising in a game where only a few players ever touch the ball and the rest spend their time ramming into each other. The problem with football, however, is that hitting (as it is known) is not just accepted as part of the game – it is *celebrated*. The league itself sells a video showing frightening collisions between players under the jokey title: "The NFL's Greatest Hits."

It is also common for television producers during a game to replay a particularly vicious *hit several times over, often* with the sound turned up so that viewers can hear the crunch of plastic, muscle and bone.

Given the highly-competitive nature of American sport and the intense pressure to win at any cost, it is unlikely footballers will lose the violent intensity they bring to each game, or that the fans will stop enjoying the simple brutality involved. But there are some things that could be done to limit injuries.

One is to get rid of artificial turf. While studies may show it causes no more injuries than real grass, common sense dictates that it *is harder on the human body.*

A former Miami Dolphin, Nick Buonoconti, said last week: "Playing on artificial turf is like playing on concrete." There was good reason for seeking his opinion on injuries: his son was paralysed permanently playing in a college football game several years ago.

Another beneficial change would be to stop players using their helmets as weapons. Houston's star quarterback, Warren Moon, had his arm broken three weeks ago when an onrushing defender speared him with his helmet.

The first thing Moon heard after the hit was a couple of opposing players screaming: "Yeah! We got him outta the game!"

Had Byrd led with his shoulder instead of his head, the chances are he would still be walking. But many defenders are taught to lead with the helmet: that way, they are more likely to cause an opponent to fumble the ball.

Ultimately, everyone in the game will label his injury a "freak accident" and get on with the rest of the season. But was it really that freakish? After all, it was the result of two huge men, who together weigh 38¼ stone (540 lb), trying to knock the stuffing out of a smaller, lighter and very vulnerable opponent.

As their intended target, Kansas City Chiefs' quarterback Dave Krieg, said after Sunday's game: "It could have been me lying there."

Patrick Harverson

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FASHION

Bruce Oldfield with favourite model Michelle Legare in a black crepe dinner coat over a white beaded bustier and short velvet skirt

Couture – the very

In spite of the recession, UK fashion houses are reporting

THE Duchess of Windsor once remarked to Sir Hardy Amies that "there is no point going to a great designer unless he has a brilliant fitter". She well understood the investment of time and money and the personal interaction that both customer and design house makes in each made-to-measure couture outfit.

Ken Fleetwood, Sir Hardy's design director, says: "The great luxury of couture is time – for us to make it and for the client to have it properly fitted." But in an era of instant everything and recession, who, one might ask, has that time, let alone the money and the inclination?

With the venerable house of Hartnell now in administrative receivership and the spectacular French couture collections recognised as mainly a publicity exercise to sell perfumes and lipsticks, the omens are bad.

But in Britain a nucleus of old-style couturiers includes, apart from those mentioned here, Catherine Walker, David Sassoon, Franka and Tomasz Starzewski. Their business is to sell the designs they create and they are doing better than expected, perhaps because they advance a cogent argument for value for money.

The bottom line is now from around £3,000 for a suit and £4,000 for an evening dress. But compare that with the £10,000 Paris minimum and the £1,600 you now pay for a top designer off-the-peg suit – and moreover, at these prices you enter a world where there is no such thing as stock sizes (a "wholesaler's convenience", Fleetwood calls them), where up to three fittings will ensure your garment is perfectly moulded and properly structured, where the designer will personally oversee the initial concept and probably at least one fitting, and where that concept may be only the starting point of your fashion fantasy.

As Fleetwood says: "In couture, anything is possible. That is why I enjoy working with mature, assured women who know who they are and what they want. We develop my suggestions together."

Alternatively, you may rely totally on the designer's talent. Anouska Hempel, aka Lady Weinberg, wife of industrialist Sir Mark, is the ultimate perfectionist who produces the most precise cut and finest finish in London.

"I know exactly which skirt length is right for each client," she says.

"At present, my line is long but I will do short if the client really wants it. I alter all the proportions so the whole effect is right."

But to supply such dreams at a realistic price, overheads must be kept down. "We can't make money out of couture but we're happy to break even," says Fleetwood.

Amies is the only UK house run on vaguely French lines, with its grand headquarters in Savile Row funded by menswear and accessories licensed worldwide. The couture remains essential as a prestige headline-maker, and still has 2000 "in touch" customers, including the Queen, though not all buy every season.

Hartnell, without such a licensing network, was trying to do the impossible in keeping a gracious Mayfair house and a top former Paris designer, used to an expensive lifestyle, only on couture sales. Its ready-to-wear label has long since been sold off to a licensee.

Smaller couture firms work from less glamorous locations and run a very tight operation.

Victor Edelstein, who has been in couture for ten years, works from a mews in Kensington, London. He has about 100 regular clients in the UK, including the Princess of Wales, another 40 in the US, and finds his dinner dresses most popular.

"The overriding factor is labour costs," he says. "Fabric may be up to £100 a metre but it is irrelevant compared with the overall cost of top fitters, seamstresses and tailors."

There is no shortage of good craftspeople – Edelstein has already received calls from members of Hartnell's workroom – but they expect, and get, top wages. As Lady Weinberg says: "The team is the heart of the workroom – good people who work well together."

Her team includes the wife of a Spanish matador who does rich-textured embroidery, yet the final effect of her designs is invariably understated, however dramatic the shape. Despite 800 "irregular" clients,

■ Continued on next page

Lydia van der Meer

Above: Victor Edelstein puts the finishing touches to one of his designs, a magenta silk taffeta ballgown with train back. Below, Anouska Hempel with a model showing one of her designs

FASHION

best of British

brisk business, reports Avril Groom

■ From previous page

she observes that "couture won't make you a fortune".

This is not surprising when a show costs, says Edelstein, at least £20,000 a time and far more if you want top models.

For Edelstein, the show, and selling trips to New York (the last netted 41 orders), are essential to maintain the glamorous image. Fleetwood agrees that "seeing the clothes on beautiful young models is part of the client's fantasy, even if she only orders a plain little silk dress".

To get the best from this fantasy, a client needs to be organised. With an average wait of six to eight weeks for delivery, she will order after the shows in January or July and slot fittings into her international schedule.

Edelstein says there are two types of order: "The seasonal wardrobe of several outfits round which everything else is planned, and the one-off for a special event."

Either is built to last. "We find ourselves remodelling ten-year-old suits," says Edelstein, "and the dodge with evening dresses is to have several and alternate the years when you wear them. Memories are very short."

Lady Weinberg describes her designs as "classic, with a touch of the avant-garde. The quality lasts and simplicity can be dressed up or down. Accessories are what makes them topical". As Fleetwood says: "Something you can only wear once is a bad dress."

Even in this rarified world, time is getting shorter. "Some women hate fittings," says Edelstein. "Doing the hem on a big evening dress is slow and tiring for the client. Some regular customers now expect only one fitting."

Fleetwood says he now produces a more finished-looking outfit, even for the first fitting, "because everyone is now so used to ready-to-wear they are less able to judge a garment in the early stages".

Bruce Oldfield, who calls his collection custom-made rather than couture, finds women prefer fewer fittings and often want an outfit far quicker than the usual wait. "We specialise in quick turnarounds," he says.

His system is different from most in that the sample collection hangs, with prices writ large, in his Knightsbridge, London, shop for anyone's perusal. Potential clients then arrange an appointment with him. Best sellers are interchangeable evening separates that are relatively reasonable, from about £1,400.

Oldfield has experienced his bad times. Two years ago, the British backers making his middle-price diffusion range pulled the plug. "That range could not survive in a crowded market without substantial promotion for which there was no finance," he says.

Now he is back to what he does best – special orders for 180 customers from pop singer Betty Boo to Viscountess Astor, "a lot from north of Watford" and a foreign contingent mainly from America and the Middle East. He is totally in control, has doubled his turnover in a year and aims to be self-funding next year. His charm takes him to the smart events that give him a glamorous lifestyle without draining resources.

His way points to a viable future for British couture. It is a pity that such methods could not have been adopted by Hartnell.

Ken Fleetwood, Hardy Amies' design director, with model and client Paula Hamilton in a hand-sewn gold sequinned evening dress

That certain Continental sense of style

Lucia van der Post welcomes a new London branch of Et Vous

IT IS no accident that it is in France, where age has never been any barrier to dressing well, that small designer-led companies manage to produce ranges of clothing that appeal to customers as widely different in age and physiognomy as, for instance, Vanessa Paradis and Catherine Deneuve.

Designers such as Agnès B, Sonia Rykiel and Irié seem to know exactly what pleases a certain sort of stylish, metropolitan woman, who then comes to trust them for the essentials of her wardrobe. When she needs a new jacket, an up-to-the-minute shirt, some glitter for the evening or a spankingly original belt to wind round her jeans, she homes in on her favourite supplier, confident that there she will find something to give her wardrobe a lift.

All of which explains the huge success of Agnès B when it opened up in London several years ago and the decision of the Et Vous chain to follow in her footsteps. Et Vous is one of those labels that those who shop in Whistles, Harvey Nichols or Harrods may already know. Sophisticated, grown-up, stylish yet well-priced, it manages to provide for the working woman many of the sassy ingredients she needs that are hard to find elsewhere. Now, Et Vous has opened a shop of its own in Chelsea, where the whole range and the collection of accessories can be bought.

It manages that very Continental balancing act of being wearable without being dull, interesting but not eccentric. There are black velvet jeans (£70), embroidered cream and off-white shirts in soft viscose twills (£80), sweetly coloured tweeds, curvy jackets to fit over stretchy skirts, easy trouser-suits and great, capacious winter coats.

It is also a good place to search out the season's essential accessory: the brightly-coloured silk scarf, the striking ear-rings, the necklace that will fit snugly in a low neckline, the shoes that can make or break an outfit. Not the place for sock-it-in-the-eye glamour, for those who like to shock or be in the avant-garde; Et Vous is more likely to become a friend, the sort of place one will return to for the sort of clothes most of us need to wear most of the time.

The photograph below conveys something of the Et Vous style – relaxed, uncomplicated, sophisticated but wearable. Pictured is a long green wool coat with side splits, capacious enough to team with long skirts, £323. The check waistcoat is £86, the taupe wool jacket, £208 and the taupe wool trousers, £98. All from Et Vous, 126 King's Road, London SW3.

Games for grown-ups

Anthony Curtis surveys what's available for computer buffs

THE recreational possibilities of the personal computer continue to develop in many directions. The kids have their Nintendo and their Sega video and computer games galore - see the latter's Sonic the Hedgehog, a smash-hit worldwide - but what about mum, who is a bridge addict, and dad, who fancies himself as a wiz at backgammon?

Adult card and board game players now have a wide choice of programs that provide entertaining, formidable opposition. One way of adding games to your computer's repertory is to apply to a Shareware mail order outlet – advertised widely in computer magazines – and to request a *few games programs, of which* a great many are offered. These will be sent on a trial basis for as little as £1-2 each. Then, if you find a program useful and want to stay with it, you pay a fee to the author.

Another way is to buy one of the many entertainments packages on offer from software manufacturers. Not only bridge but other traditional card games – cribbage, gin rummy, poker, solo, and several varieties of patience – are available as are most casino gambling games: blackjack, baccarat, roulette, boule and keno. Programs for individual games or collections, in the form of one or more diskettes with a user's manual, cost between £30-50.

Microsoft has just released its *Entertainment Pack for Windows Volume 4* at £34.95. This contains a nice assortment of pastimes old and new: chess, Tic-Tac-Drop and Dr Black Jack alongside new games called JessBall, Maxwell's Maniac (!) and Go Figure – a race to solve mathematical equations.

Solitaire (patience) players will appreciate another American program, *Games Master for Windows* (Centron Software, £34.95): this contains two favourite patience games, Pyramid and Yukon. It also has a series of puzzles involving domino tiles, and the sliding and manipulation of shapes. In one, the player has to re-assemble a picture by Picasso. This is a good package for those who do not want anything over-complicated.

By contrast, Electronic Arts (90 Heron Drive, Langley, Berkshire SL3 8XP) has a range that extends from outdoor sport – like the *Team USA Basketball* program that has just come out – to popular fiction. You can go sleuthing in an elaborate contest with *The Lost Files of Sherlock Holmes* (£39.99), or you can become Tolkien's Frodo and explore Middle Earth in Interplay's *Lord of the Rings, Volume I and II* (£29.99 and £34.99).

Great efforts are made by games programmers to simulate the authentic ambience through colour graphics and sound bytes. The latest bridge program from Oxford Software, *Omar Sharif's Bridge* (£39.99), includes – for those with the requisite hardware – the voice of Omar himself to talk you through the rubber in an on-disc tutorial. There are also, as in more mundane bridge programs, a number of playing options including the use of Acol and the Five Card Majors bidding conventions.

Oxford Software (198 The Hill, Burford, OX18 4HX) specialises in traditional adult games. It also has *Backgammon Royale* (£24.99) and an all-in-one package that includes five classical games under the overall title *Intelligent Strategy* (£34.99). Unlike the Omar Sharif, these programs are non-Windows; all are compatible with IBM PC, Atari ST(E) and Amiga.

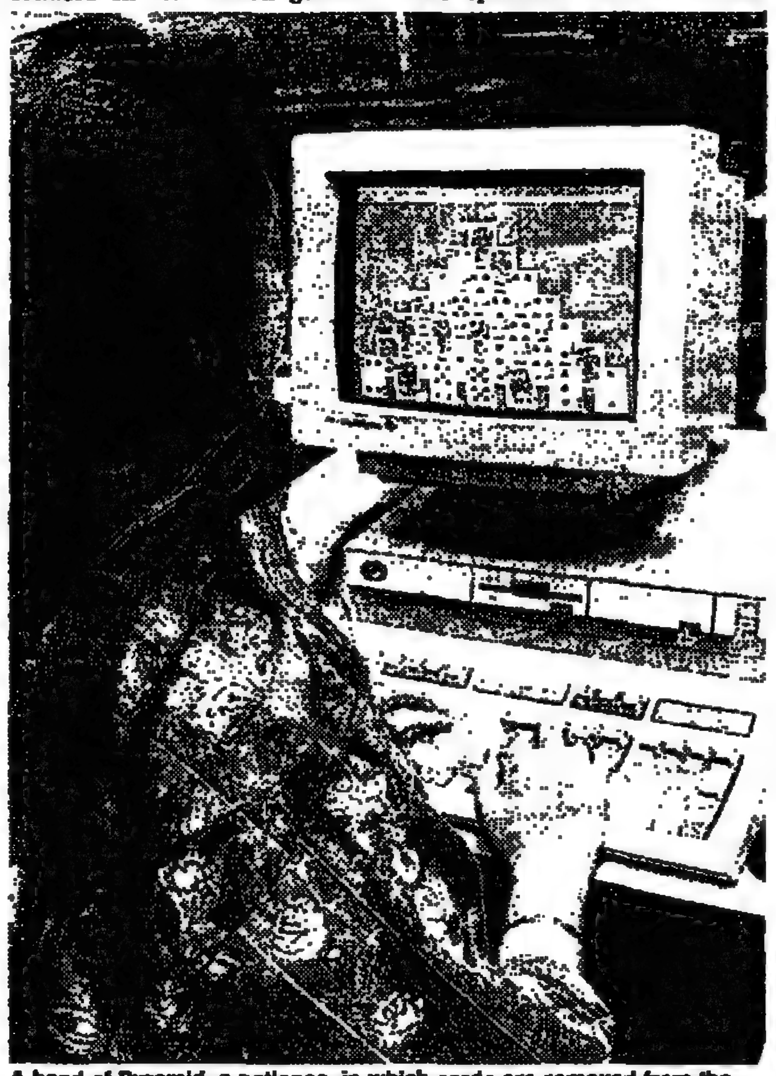
Chess programs are still leaders in the board games' field and they continue to develop playing skills at higher and higher levels, out-performing many strong club players. The latest program, the *Chess Machine*, available from the London Chess Centre – at a cool £549.95! – is the brainchild of a Dutch programmer called Ed Schroeder and is making quite a stir in the professional chess world.

It is a halfway house between a pure software program and a dedicated chess computer. I sat in while an international master, Malcolm Pein, played three five-minute blitz games against it. The final score was one win each and a draw.

For the chess computer buff with limited funds – most of us, in fact – there is the *M-Chess* program at £77 and also the versatile German *Fritz* program at the bargain price of £34.95, the original version which remains extremely good value. A new version, *Fritz 2*, has just been released at £76.95 (or £44.95 for an up-grade).

I find the most convenient way to play chess on screen is with a diagram-style board; but the 3-D option with Staunton or other solid-looking chessmen graphics is also on offer in many programs – as it is for backgammon, reversi and draughts.

The most ornate graphic display for chess is Interplay's *Battlechess* (£29.00) in which each piece is represented by a different military figure. When moved, the piece walks to its new position and, when taken, engages in an elaborate duel with the opposing piece. It is a fine spectacle even if it does not have all that much to do with the game of chess.



A hand of Pyramid, a patience, in which cards are removed from the display until none remain. From Centron's Games Master for Windows

When games programmers turn their attention from indoor to outdoor sports, they really exert themselves in an attempt to reconstruct the playing environment with maximum verisimilitude. Nowhere is this more so than in the game of golf.

Microsoft's Golf for Windows has just come out at £49. Its graphics waft you to the Torrey Pines course in San Diego, California, in full colour through your VGA. You can add more courses later.

The PGA Golf Tour program for Windows (£34.99, from Electronic Arts) gives you an initial choice of four different championship courses in the US and – for those with sound facilities – the bird-song and other wildlife noises likely to be encountered while playing on them.

You start in the pro shop where you sign on for the round with your playing partners. These may be your friends or golf professionals whose strokes will be played by the computer. You also choose the composition of your bag of clubs.

Strokes in both versions are made by three pressings in quick succession on the mouse button. The first controls your backswing, measured on a scale from zero to 100 percent. The second pressing reverses the direction of the swing, and the third represents the moment of contact with the ball.

Your ball is then shown hurtling through the air and landing. A message flashes on screen giving the length of shot, the lie of the ball and its relation to the flag. Then your invisible caddy will recommend you a club for your next shot. When you reach the green, the putting surface is shown in a 3-D model that can be revolved so that the ball may be studied from different angles.

Both programs are wonderfully ingenious but, after a while when the novelty has worn off, non-golfers may find them a shade repetitious. A much simpler games program without any gimmickry – like a good backgammon – is, I find, more addictive in the long run.

For those ambitious people who want to have a go at writing their own programs or developing existing ones, Microsoft's Visual Basic for Windows has a DIY book: *Visual Basic – Game Programming for Windows* by Michael J. Young (from Grey Matter 0364-53449, and other Microsoft stockists). Its 500 pages contains histories of the games and hints on playing strategy, as well as all the technical information about programming. The printed matter comes with a disc that includes a dozen games that are ready to run: puzzles, board games and gambling games.

Ludo is one. It represents an advanced animation technique that, in the words of the author, "lets you move a full-color, non-rectangular object over any type of background without disturbing this background." Good luck with your games.

■ **The Software Circus, 282 High Holborn, tel: 071-404-4492 (and branches at other locations in central London), has a good selection of entertainment software discs, arranged under systems with which they are compatible.**

The London Chess Centre, 169 Euston Road, tel: 071-388-2404, will give demonstrations by appointment of its chess programs and stocks other games programs from Oxford Softworks.

***WindowLine* (123 Westmead Road, Sutton, SM1 4JH tel: 081-642-227), has a mail order service for Windows' games software and publishes a regular catalogue and newsletter.**

The headquarters of Centron Software, *strong on games for* Macintosh computers, is at 1500 NW 3rd Street, #101, Deerfield Beach, Florida 33442, United States.

That's entertainment . . . Andrew Chance's table setting for a party with an alpine theme

To make that party go, just leave it to Chance

Lucia van der Post talks to a host with the most

ANDREW Chance has given more parties than anybody else I know. If you have ever been to any of the grand corporate events in London, then you will probably have been to one organised by him, for he is the man behind Chance Entertainment.

Among his accomplishments, he turned part of the Dorchester hotel in Park Lane into an English country garden for a Saudi Arabian wedding; converted a Kensington street into an old-fashioned walkway filled with stalls, jugglers and street cries for the Royal College of Art's 25th birthday celebrations; painted a dance floor to resemble the Yellow Brick Road for Elton John; and staged a state banquet for the sultan of Brunei. But if all you want is a juggler or fortune-teller to liven up a family dinner, a magician for a children's party, a Madonna lookalike to liven up the guest list or a butler to help hand round the drinks, he will provide those, too.

Chance started out playing in a five-piece band that became a top attraction on the society ball and posh private party circuit. From there, he was placed perfectly to see what made a party go and what made it bomb.

If you can afford him (a smallish private party – say, 80 for dinner with a disco afterwards – could be done for about £75 a head although that would include everything from flowers to tablecloths, food and wine), then you can rest assured that you are in the hands of a professional. If, however, that sort of budget is beyond your means, then here are some of his tips on how to add dash to your own celebrations.

■ Getting the venue right is most important of all. It should be neither too big nor too small. "Nothing," he says, "kills an atmosphere more than being screened off into one portion of a huge ballroom."

■ Low-voltage spotlighting is not expensive and can make all the difference to the atmosphere. At home, there is nothing to beat candlelight – everywhere.

■ Service, he thinks, is much more important than the food. "If people feel very well looked-after, then they feel they have had a good time. Food does not need to cost a fortune and a lot of fun can be had by, for instance, colour-matching food to your table.

"For instance," he recalls, "we once served a very successful all-pink meal: pink grapefruit and palma ham, followed by pink tagliatelle with salmon and tomato, radicchio salad, tomato bread, strawberry mousse, pink champagne, rosé wines and port."

■ Those with big gardens or drives might like to line them with flaming torches which produce a lovely, flickering light. Giant flaming torches can be placed on either side of the doors for an even more dramatic effect.

■ Start things off well by greeting guests with something like bellinis (champagne with fresh, crushed peaches), margheritas or champagne with Eau de Vie Framboise.

■ Take trouble over the table settings. One of Chance's favourite colour combination at the moment is red tartan and dark moss green, but he finds clients also like burgundy and pink, acid lemon and white. He ties hand-rolled napkins with generous bows or sailors' knots using strips of silk, ribbon, taffeta, raffia or twine. Flower heads or tiny posies can also be tucked into them.

At Christmas, he uses sticks of cinnamon for their spicy aroma (as well as holly and ivy, of course). He likes to fill the centre of the table with a mass of differently-sized candles, tall and thin, fat and short. Grouped close together and lit, the effect is magical. Fresh flower petals and pot pourri can be scattered around the arrangement.

■ An edible table centre always looks wonderful. Try a mound of delicious fruits, possibly frosted with egg white and dusted with icing sugar or sprayed gold. Alternatively, you could pile up mixed nuts, almond, vanilla and nutty macaroons. Strawberries and grapes can be dipped in melted chocolate.

■ Fun can be had with placement cards. Instead of writing out guests names, you could cut out from magazines or papers (or hire a caricaturist) to illustrate some aspect of them. The literary-minded can try writing appropriate limericks.

■ If you can afford it, hiring a professional butler and/or serving staff helps to make guests feel they are being looked after beautifully.

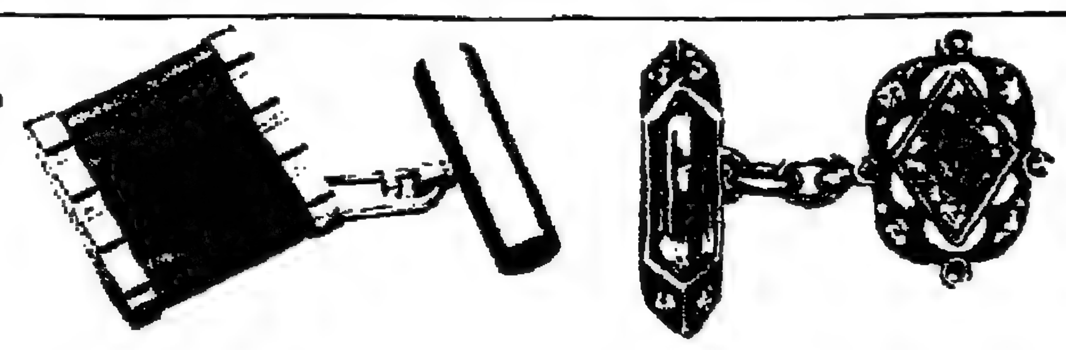
■ Again, if you can afford it and you are having a real celebration, think about hiring an entertainer: close-up magicians who go from table to table, a fortune-teller, caricaturist, graphologist or (for the more adventurous) a belly dancer, snake handler, sword swallower or contortionist.

Some people prefer music and anything can be hired, from a classical pianist, guitarist or harpist to a duo, string or jazz trio. The music colleges often can be a good source of performers; many students are keen to get experience.

■ Andrew Chance tel:071-376-5995

HOW TO SPEND IT

For gentlemen who prefer links with tradition



*As an expression of both status and personality, men are returning to cufflinks, says **Paul Keers***

CUFFLINKS are among the few items of jewellery that gentlemen can wear, and men who have rediscovered proper shirts are now exploring the astonishing range of cufflinks which can accompany them. Bold or discreet, serious or whimsical, wealthy or restrained, cufflinks say more about character than a shirt button ever can.

The decision by a Swiss/American collector to sell his collection of more than 200 antique and contemporary pairs provides an opportunity to see – and, perhaps, to invest in – the finest cufflinks from Stuart times to the present day.

The collection, which covers designs from precious stones and metals to painted crystals, is on display at the Sandra Cronan gallery (18 Burlington Arcade, London W1), and includes the work of fine jewellers such as Cartier, Tiffany and Schlumberger. Prices range from around £300 for modern enamelled links and £900 for modest antique pieces, to a pulse-raising £8,350 for a pair of panther heads pavé set with diamonds. The average price is around £1,500 a pair – and an American architect has reserved half a dozen, while a pair of scarab beetle links have been presold to David Rockefeller.

"We've always sold cufflinks," says Sandra Cronan, "but over the last three years we've noticed a lot more men are coming in looking for unique, expressive cufflinks. They tend," she thinks, "to be men who are interested in dress, rather than jewellery."

The recession is also forcing the jewellery trade to look for ways to sell smaller items, and to move outside their traditional, female clientele. Fortunately, more men are choosing to wear their art on their sleeve.

Now, contemporary designers, antique dealers and the grandest names of jewellery are all offering cufflinks. Women are buying them as gifts, dealers are buying them as investments, and men are buying them as one of the few ways in which they can express their wealth and individuality.

Nearly all of the great names of women's jewellery now offer ranges of men's cufflinks too. Chaumet (178 New Bond Street) has just commissioned David Hicks to design a new women's collection (on display from December 2), and he has added cufflinks – because, he says, "they are the only jewellery a man can wear. I believe cufflinks should be simple, understated and unpretentious." In coral, turquoise, amethyst and other semi-precious stones edged in gold, Hicks's cufflinks cost £350 a pair.

Boucheron, another of the grand names of jewellery, has scored among wrist watchers with the distinctive design of their *Les Pluriels* links. The idea is that you buy the base, the linking bars, in either yellow or white gold (from £450), and then collect interchangeable batons, in anything from rock crystal or onyx to malachite, lapis, coral and other materials (from £150 to over £525 a pair).

Collections can be built to match different outfits, to commemorate annual occasions or to cover business and evening dress. As Boucheron says: "Easier than sewing on a button, and much more fun." Much more expensive, too.

Interesting cufflinks do not have to be that pricy. Silk knots, in combinations of colours, are available at all of the Jermyn Street shirtmakers for as little as £5.95 a pair. Moss Bros (Covent Garden and selected branches) has an intriguing selection of links from £32.95; those based on the porcelain caps from Hot and Cold taps are particularly witty. And Hackett (Sloane Street, SW1) does several styles, from miniature silver stirrups and shotgun cartridges to the classic gold or enamelled chain-linked ovals from £45 a pair.

In Europe, the traditional, two-ended design has always been the more popular. Americans prefer the simpler, hinged-back fastening. "European cuff links are more intricate," admits Ralph Destino, of Cartier Inc in New York, "but some are so hard to get on that you need a valet, a wife, or three hands."

Paul Longmire, the St James's jeweller (12 Bury St, London SW1) has an international reputation for trading in antique links, and always has several dozen for sale; the vast majority are two-ended. He also engraves family monograms and crests, and even paints favourite gundogs, on to links.

Nearby, Harry Fane (12 Duke St, London SW1) also keeps tradition alive by reproducing, using the original designs, materials and workshops, the cufflinks of the great Edwardian jeweller Falco de verdura. These include his famous "Night and Day" cufflinks, designed for Cole Porter – one a globe in daylight, the other the starry night sky.

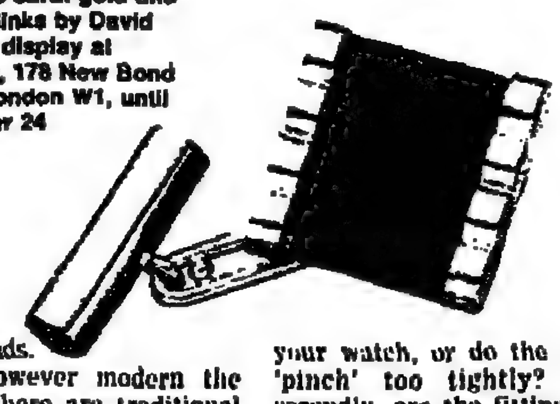
Modern jewellery designers are also creating cufflinks in addition to their women's ranges. Vicky Ambery-Smith, a contemporary jeweller whose work is sold in the Craft Council shops and the Oxford Gallery (High St, Oxford) has seen the demand for her cufflinks remain steady, while sales of women's jewellery has declined. She specialises in reproducing European architecture as cufflinks, usually in silver and red gold; one series copied the frontages of Tuscan villas, another the facades of Georgian houses. She also undertakes private commissions, like the links she made reproducing the showcase home of post-modern theorist Charles Jencks, as a present from his wife.

The Electrum Gallery (South Molton St, London W1), which also stocks Ambery-Smith's work, and Jess James (Newburgh St, London W1) are good places to find a varied range of contemporary links. The fashion designer Christian Lacroix is reportedly planning a typically opulent range of cufflinks for the New Year, based on his personal Arlesian iconography of crosses and bull's heads.

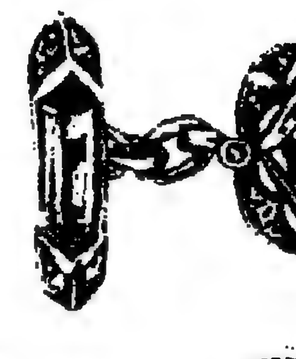
But however modern the design, there are traditional rules to be observed in the wearing of links. Beware of those plain barrel shirtcuffs which are described as "convertible", and which have a second buttonhole along with their button. Cuffs cannot be "converted" from informal to formal; to wear cufflinks with soft barrel cuffs is a sartorial gaffe comparable to wearing a tie with a polo shirt. Cufflinks can only properly be worn with formal turned-back, or 'French', cuffs.

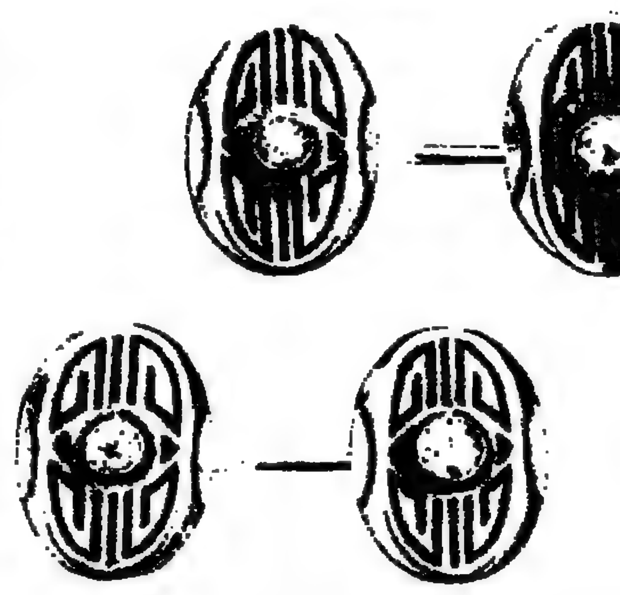
Always try on cufflinks before you buy, to establish two important points. First, can you pull the cuff back over your watch, or do the links 'pinch' too tightly? And secondly, are the fittings on the backs of the links correctly aligned? (Cuff buttonholes are always vertical, but some jewellers seem to forget this; a link will turn unless its fitting is in line with the buttonhole.)

Finally, remember that however tempting elaborate and bold links may be, discretion is the order of the day. It was said in one of Robert Maxwell's obituaries that "he took endless trouble to dress as an upper-class Englishman. Dark Savile Row suits and spotless white shirts were often ruined, however, by overly large and flashy cufflinks."

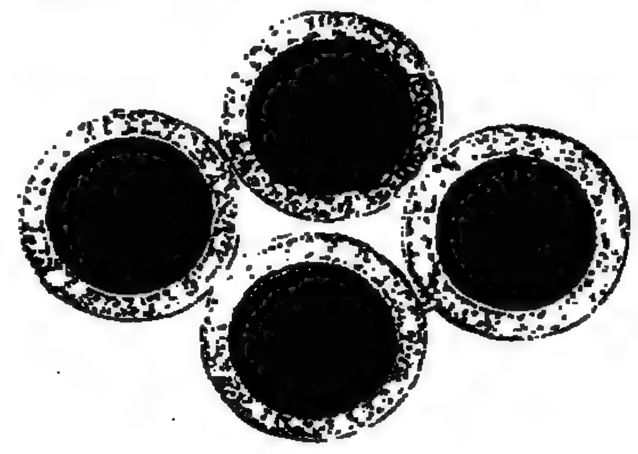


Pair of 18 carat gold and jade cufflinks by David Hicks on display at Chaumet, 178 New Bond Street, London W1, until December 24

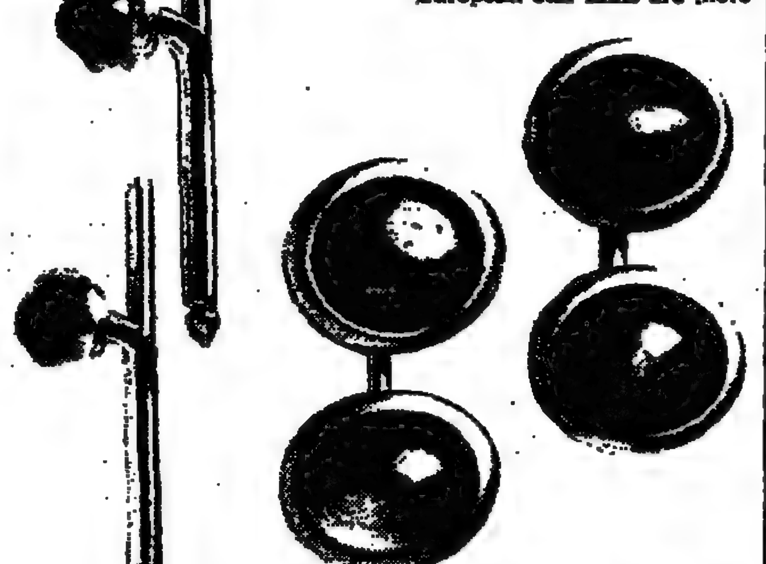




Above right: Diamond and peridot cufflinks set in silver and gold. Right: White gold enamelled cufflinks with diamonds. Both can be seen at the Cufflinks Through the Ages exhibition



A pair of lapis set platinum cufflinks



Above: Pair of 1925 oval twin-sided links with studs, from cufflinks exhibition. Below: Hot and Cold and Ten-past-Ten, both at £32.95 a pair. Spotted bow ties £35, branches of Moss Bros

Christopher Brown

Long, cold search for the perfect winter coat

David Sexton tramps the streets of London in search of happiness

"NOT ONE second passed without his being conscious of the new overcoat on his shoulders and several times he even smiled from inward pleasure. And really, the overcoat's advantages were two-fold: firstly, it was warm; secondly, it made him feel good."

Thus thinks the clerk Akaky Akakievich in the one day of happy possession allowed him in Gogol's story, *The Overcoat*. "The whole day was like a triumphant holiday for Akaky Akakievich. He went home in the most jubilant mood, took off his coat, hung it up very carefully and stood there for some time admiring the cloth and the lining. Then, to compare the two, he brought out his old 'dressing-gown', which by now had completely disintegrated. As he examined it he could not help laughing: what a fantastic difference!"

Buying a new overcoat remains a challenge. It usually seems easier to let another winter go by without one. I have worn second-hand coats all my life. At school, we clumped about with great self-satisfaction in second-hand military greatcoats, looking like the survivors of a retreat from the Russian front. At university, we preferred shabby, genteel, tweed coats: we all looked like that picture of Auden and Isherwood about to depart for China in 1938.

I have accumulated plenty of expensive raincoats (an enveloping one from Nicole Farhi, an Agnès B version of a real Mackintosh) and even a cotton summer coat (from Comme des Garçons, like a design for an ideally rational police force). But no overcoat.

This year I went looking. Since an overcoat has to last more than one season, perhaps it is an idea to get a classic English number? Austin Reed in Brompton Road sells the widely available Boss double-breasted coats from Germany – nice enough, in black, at £325, but nothing special. Its own range is mortifyingly boring. A "hand-tailored Chester Barrie" cashmere grey double-breasted overcoat, smooth as can be, with flap pockets and buttoned sleeves, is £1,050. You would instantly look like the sort of businessman I take care to avoid.

Marks & Spencer has more to offer. At the Marble Arch store there are two well-calculated bargains. A single breasted, fitted city coat has a button flap, flap pockets, and some padding in the shoulders, but is otherwise plain. Made in Portugal, from 100 per cent wool of some quality, it costs £130 and is available in sensible dark grey and navy blue.

For only £20 more, M & S offers an Italian-made double-breasted coat, in dark blue and then, bizarrely, in grim green and dull brown ("taupe"). It has a belt and sleeve straps and a plain jacket style lapel, prominent seams radiate from the collar, over some shoulder padding. The material is 70 per cent wool, 20 per cent nylon and 10 per cent cashmere, a blend that gives an impression of luxury rather than the real thing. No doubt it is durable. Both of these coats are great value and they look smart in an anonymous way, particularly if you make sure, as you always should with M&S clothes, to buy them big. But they are never going to put a swagger in your step.

So perhaps coats do need a designer's touch? In the Issey Miyake shop, there are a couple of terrific coats. A dark-blue single-breasted coat, with patch pockets, a jacket-type lapel with a big buttonhole in it, a seam down the back and a single button on the sleeve, has no padding and is not particularly long, but it hangs beautifully. It is perfectly simple – but it is thin, made only of wool with 5 per cent nylon and costs £950. Another coat, double-breasted, longer, in black, is even simpler. It feels great but would not keep you warm and costs £1,050.

These are not clothes for those who have to work.

If coats are daunting for buyers, they seem equally daunting for many designers. Joseph stocks only one substantial wool coat – a dull item, single-breasted in a hard wool, by Cacharel, at £395. Joseph's own unstructured black coat in wool jersey is elegant at £199. It is not a coat, it is a supreme cardy. Browns, has only two long wool coats in stock, from Romeo Gigli and Byblos.

Agnès B's coats are all short. You look silly when you stand up. Margaret Howell was let down by a supplier and has no winter coats for men.

Paul Smith has coats which look alluring on the rack. There is a blue single-breasted coat in wool and cashmere, at £495. But on a human being, it collapses, lacking all articulation. Then there is a long wool "raincoat" – in a beautiful alpaca, at £850, in wool £400. On, it looks like a blanket tentatively trying to be a coat. On the other hand, Paul Smith has a single-breasteed city coat, Crombie-esque, in blue cashmere and wool mix: this is so fitted it constricts you and looks revoltingly spivvy.

By now, some ideas are beginning to form. Although I want a coat that is as plain as possible, not excessively interfered with in the cause of fashion, probably only a very good designer is capable of suppplying this. And although I want the coat to be luxurious, I do not want a style that strives to make bankers look established.

I decide to try some emporia. Woodhouse has a good range. Its double-breasted black coat is a bargain at £249. It is well cut, with a belt and straps on the sleeves; it looks good. But, though 100 per cent wool, it is not nice to touch.

At the top of their range, Woodhouse has "white label" Giorgio Armani ("Le Collezioni"). This is what I have been looking for: a double-breasted long coat, in a dark blue, made of soft wool. It is quite plain: three buttons either side, no buttons on the sleeves, no belt or straps. There are patch pockets and undisguised seams, and the quality of manufacture looks excellent. It costs £499. Woodhouse does not have my size.

I visit Emporio Armani. Emporio Armani coats, at £450 for the single-breasted and £395 for the double, are only marginally cheaper than the "Collezioni" lines but fabric feels much harder, and the cut does little to rectify that.

In the actual Giorgio Armani shop, there are only a few "white label" coats. The "black label" are made of sumptuous materials (70 per cent wool, 30 per cent cashmere or 60 per cent wool and 40 per cent angora) and they are admirably cut, too. But these are much more formal and fitted and cost £895 or £995 or more.

I end up where the more sensible might have begun, in Harrods and Harvey Nichols. Harrods has quite a small range of coats (unappealing items by Valentino and Byblos) but it includes Armani Collezioni coats. There is an excellent dark grey double-breasted version, in a harder, tweedier wool/cashmere/nylon mix, at £575. It does not have the soft hang of the Woodhouse version. There are several other versions – even one in cashmere, more formally cut, at £875. But not the coat I want.

The Harvey Nichols basement is surprisingly rewarding. You can see more designers more quickly here than anywhere else. I try coats by Dolce & Gabbano (£725, a lush material absurdly cut into a mock-poor version of a hand-me-down) by Montana (£535, all superfluous flaps and militaristic trimmings, but a stylish swing to it) and Byblos (£456, a pastiche army greatcoat, festoooned with brass buttons, again of little charm for one who wore real army surplus for years.).

Happily, Harvey Nichols stocks a generous range of Armani diffusion coats. And there is the one I want, in my size, and at £495 marginally cheaper than it would be at Woodhouse. How far this can really be considered an Armani coat, rather than just a standard piece of well-made Italian tailoring adorned with the great man's label, I do not know. But I do know that it has had the same effect on me that Akaky Akakievich's had on him. I hope I can avoid his fate. His coat was stolen on the evening he got it. He died of chagrin and spent the after life as a ghost, ripping coats from people's shoulders.

Learning to love older women

Lisa Armstrong looks at a change in the fashion industry's priorities

LAST week a colleague at Vogue was getting ready to take to the studio a rail of flared trousers. "Now these," she said, excitedly, "are going to be the star of the shoot. Even my mum would love them." Everyone in the fashion room promptly placed an order.

There was a time, not so long ago, when finding something in your wardrobe that your mum or, come to that, your daughter would wear would not be a source of pride. It probably meant you were either a frump or a piece of mutton dressing as lamb.

Now, astute designers, retailers and fashion magazines are concentrating on clothes with cross-generational appeal.

"It gives me a kick to think that my mother's friends wear my clothes. Why not, if they look great?" says British designer Pascale Smets, who produces intelligently wearable clothes that combine simplicity with elegance. Smets is one of a group of designers – such as the New York-based Ralph Lauren, Donna Karan and Calvin Klein – who believe that so far as clothes are concerned, age is no longer relevant.

The encouraging thing is that this feeling seems to be percolating down to all levels of the market. Partly because of a recession in which no business can afford to alienate customers on such a flimsy pretext as age, and partly because women increasingly refuse to be segregated by the date on their birth certificates, market research shows that age is less of an issue in what we choose to wear than it has been for decades.

"What does count," says Fiona Harrison, chief executive of Jaeger, a chain that has broadened its appeal in the last year, "is attitude. In the past couple of years we've realised that there are 60-year-olds with great figures who want to look fashionable and 30-year-olds who want to look smart and there'll be quite a few of our designs – the jodhpurs, the military jackets, the pea-coats and the long, slim button-through skirts – that answer both sets of requirements."

You can find mothers, daughters and grandmothers browsing in Jigsaw, Jaeger, Next, Joseph and, if they have the money, the designer shops that line Bond Street. Of course, it helps that classics – the kind of clothes such as blazers, twin-sets, long skirts that young women might want to subvert a little by mixing them with unexpected accessories and older women might choose to play really straight – are in fashion.

American designer Isaac Mizrahi says: "It's not that teenagers suddenly want to look 35 the way they did in the fifties. It's just that it's no longer so crucial to be seen as young, young, young . . . also there is the immutable fact that older women tend to have most of the spending power.

The fashion and beauty worlds know this, which is why, although they might exaggerate their products for the catwalk, pinning the decollete just a little deeper, pulling the hipsters just a little lower over the model's stomach, they are taking pains to ensure that by the time they reach the shop windows, the products strike a chord across the age spectrum. Why else would Calvin Klein hire 40-something model Lisa Taylor for his autumn campaign? Why is Lancome paying 40-year-old Isabella Rossellini to continue as their "face" and why did Yves Saint-Laurent earlier this year sign 47-year-old Catherine Deneuve to advertise its skin care range?

Naturally, fashion being fashion, the backlash against this age-democracy is on its way. Adolescent waif-like models – chief among them the British Kate Moss – have been declared the faces of the moment. The recent spring/summer collections from Milan, Paris and London showed an alarming preponderance of droopy, hippy styles while New York's designers, for so long the fountain-head of practical, wearable clothes rebelled with something called grunge fashion – layers of gruesomely scruffy clothes that have to be topped with lank, straggly hair.

But the chances are, that this is just designers being truculent after three years of coming to terms with recession. By the time these clothes reach the shops most will have been modified and customers of all ages will find perfectly wearable clothes, only a little more casual, romantic and floaty perhaps, than for a few years.

After all, as Karl Lagerfeld, whose four collections this season for Chanel, Chloe, Fendi and his own label Karl Lagerfeld all contained hippy references says: "I don't design specifically for 50-year-olds because the last things 50-year-olds want to look is their age. At the same time 25-year-olds have to go out and earn a living, often in an office. They can't always live in a corset and torn jeans. So what do I do? Design a bouclé Chanel jacket that can be worn in completely different ways so that it appeals to both of them. Today it's about what shape a woman's in and how she feels. Age? It's totally irrelevant."

PERSPECTIVES

'No Croats, Albanians or dogs'

In Kosovo 93 per cent of the population is Albanian and 6 per cent Serbian. But the Serbs wield all the power. ***Melanie McDonagh*** *reports*

THE COMMONEST sight on the streets of Pristina, the capital of Kosovo, is urchins selling cigarettes. As I passed the street market the other night, a couple of them offered me a box. Then, suddenly, they bolted.

I looked round and saw why. An armed policeman was running after one of them. He brought his truncheon down on the boy and the last I saw of him was his white face under the policeman's arm as he was dragged off. "What'll happen to him?" I said to an Albanian who was with me. "He'll be taken off to the barracks and beaten," he said. "Then after a day or two his father will be sent for. It's nothing abnormal here. It's abnormal when it doesn't happen."

Indeed, it is unusual to come across a group of Albanians in Kosovo where no-one has had trouble with the police, been beaten by the police or spent time in prison. The police underpin the status quo in Kosovo. In a republic where 93 per cent of the population is Albanian and six per cent is Serbian, the Serbs have the power, the jobs, the institutions. And, since Slobodan Milosevic came here in 1988 to claim that Kosovo would always be Serb and certainly since the constitution of Kosovo was suspended two years ago, the place has been run from Belgrade for Serbs.

You see it in all sorts of ways. If you go to the discos in Prishtia – there are four of them – you have got to be a Serb, or at least under the protection of a Serb. The one I went to was dark and cavernous. There was a notice on the door showing the things you were not mean to bring in: a gun, a grenade, a knuckleduster. The young men listening to the band had the spaced-out look of drug-takers. But the striking thing about it was the space.

I had been to the mall where the young Albanians go the night before and there was not room to move. You squashed people with the door whenever you tried to get into a bar – there are no Albanian places to go dancing. Young men joke as you sidle your way past them to the drinks. There are no ostensible differences between them and the young Serbs – both groups are trendily dressed, educated. But I asked one Albanian, a medical student, what would happen to him if he went into the Serbian disco. "I'd be beaten", he said simply.

It is the same in the Grand Hotel in Pristina. If you cannot speak good Serbian and pass as a Serb – and the Albanian I was with had spent four years in Sarajevo – you will not get past the rat-faced flunkey on the door who questions you about your movements. It is celebrated, the Grand. It is the place where you get arms dealing late at night, and you can spot the odd Serbian political bigwig, like one notorious politician who once threatened to shoot student demonstrators in Belgrade. Until lately it was also infamous for the notice on the 13th floor: "No Croats, Albanians or dogs".


A policeman searches an ethnic Albanian in the streets of Pristina

It is hard to find any sort of common ground between Serbian and Albanian explanations for the situation. I talked to one liberal young Serb, whose father had been demoted from his job for refusing to sack Albanians and whose good friend was an Albanian. Yet even he was convinced that Serbs were a people under threat.

"During the 1980s, Albanians in the villages raped Serbian women, beat Serbian children and desecrated Serbian graves," he told me earnestly. "That's why the police came here a couple of years ago. I know they beat Albanians, but since then the Serbs have felt safer." His Albanian friend shook his head. "There's just no truth in the stories about Albanians attacking Serbs. On the television during the eighties you never saw anything else but beaten Serbian children. But they were not attacked by Albanians. It was Serbian propaganda. They accused us of doing things – desecrating graves – that we had never done in our whole history."

I could believe anything of Belgrade propaganda. One night I heard the announcer say on television news that the reason Albanian children were not in schools was that they simply did not want to go. The Albanians I was with shook their heads resignedly. Albanians schools, using the Albanian language and teaching an Albanian curriculum, had been banned two years ago. That afternoon I had visited a primary school, which is used by about 20 Serbian children during official hours. When they have gone home, the Albanian children arrive. I saw one music class for the eight year-olds where it was standing-room only for half the 50 children. The teacher was not paid, because she was not officially employed.

There are two systems of government at work in health, in education, in social security. There is the official regime, which has the buildings and the money. Then there is the underground system run by Albanians. About 25,000 students go to the underground university. It is staffed by the same professors as in the old days – they are just not paid.

I visited one biology class. A teacher and five students sat around in their coats on battered garden furniture in a freezing conservatory. There was no equipment. If the police find them, they are arrested. That is why they move from house to house. Each week a man comes round to tell them where to go next time.

"They're good students," said the professor drily. "Very disciplined."

He had been dismissed last year. So, in the last two years, had 100,000 other Albanians. He showed me his letter of dismissal, signed by his Serbian colleague. "He had to do it. He had no choice," he said.

Earlier, he said his office had been smashed and his books burned. We went and looked at the offices. The windows were smashed and the bookshelves empty.

Next day, I met Dr Ibrahim Rugova, president of the unacknowledged parliament of Kosovo. With his scarf permanently wound round his neck and his lugubrious expression, he looks remarkably like Woody Allen. "I'm pessimistic", he said. "They're trying to make us leave. Hundreds of thousands of our young people have already left. This is silent ethnic cleansing."

Turning the tide for the country's lost waterways

David Bolton *says new laws are needed to protect our smaller canals*

THE REOPENING two years ago of the Kennet and Avon canal – restoring a long-lost link between the rivers Thames and Severn – was acclaimed at the time as the peak of success in post-war waterways revival. Yet, it was by no means the end of the story.

Since the public woke up some 25 years ago to the fact that the canal network – criss-crossing the country for 2,000 miles – provides an unrivalled outlet for water-based leisure activities, there has been increasing pressure to restore those waterways lost already through dereliction and change of use.

The speed of restoration has increased visibly as government funding in various forms has replaced, or at least topped-up, previous voluntary efforts.

Together, there are more than 100 schemes being actively pursued from the Wey and Arun in Sussex to the Forth and Clyde in Scotland.

The spotlight has moved to the north east, where the recent award of a £2.3m derelict land grant to Sowerby Metropolitan District Council means that the Rochdale canal will be reconnected with the rest of the system within two years by eliminating a modern car-park which blocks it at present. The grant brings the total spent on restoring some 20 miles of canal to about £17m.

The neighbouring Huddersfield canal has already benefitted from substantial government funding so that more than half of its 19 miles have been restored in just 10 years.

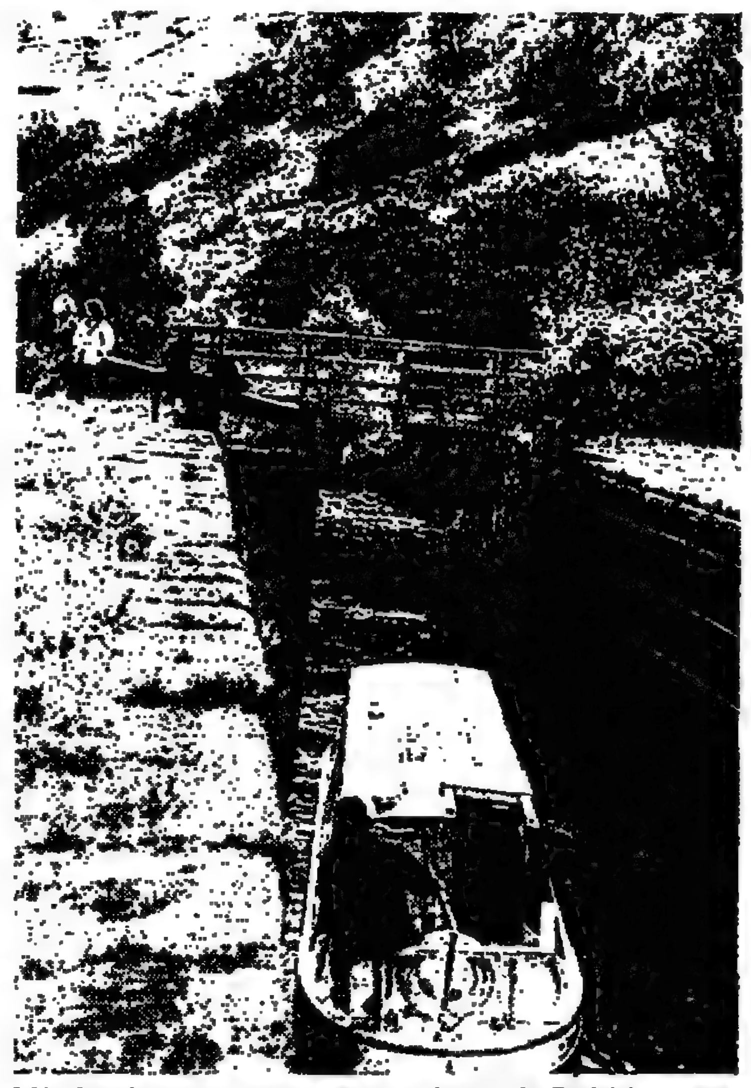
It is likely that these trans-Pennine canals can be fully reopened by the turn of the century, creating a new cruising ring for pleasure boating in fine mountain scenery.

There is, however, a flaw to this success story. Most of these canals are administered by British Waterways, a nationalised body established by the Transport Act 1968, and are described collectively and ignominiously in the Act as "the remainder". None of them are listed by name.

Under the Act, 11 navigations linked with ports of entry, such as the Caledonian and Gloucester and Sharpness, are classified as commercial waterways, while 28 canals are defined as cruiseways, acknowledging their potential for leisure use. A statutory duty to maintain both categories in a suitable condition was laid on British Waterways by the Act, but the future of the "remainder" was left to the mercy of economic and political events.

The Inland Waterways Amenity Advisory Council, also set up by the Act, was however specifically asked to advise on adding to, or reducing, the list of cruising waterways.

Although IWAAC did, indeed, make detailed studies of the unclassified canals early on – and recommended strongly that a number should be accorded the guarantee of cruiseway status – little has actually been done in the intervening 24 years, except for the upgrading of some 85 miles 10 years ago). In its draft Customer Charter, British Waterways has continued to draw a distinction between the groupings, though an advance has been made in publishing by name the full list of more than 50 previously unclassified canals.


A hire boat leaves the newly-restored top lock on the Rochdale canal

Disappointingly, the issue has not been addressed in the private Bill that British Waterways is hoping to press through the current session of Parliament in the face of bitter opposition from many representative groups.

After years of decline and neglect, the South Stratford Canal Act became a famous test case in 1960 when the government agreed, after protracted negotiations, to allow the National Trust to undertake the first-ever canal restoration. After three years of extremely hard work by volunteers, the official reopening took place in 1964. Three years ago, the Trust handed the canal back to British Waterways, together with a grant of £1.5m to cover a backlog of maintenance.

The longer and more complex Kennet and Avon took 28 years to restore at a cost of £2.7m, mostly raised from charitable donations. A further appeal is being launched for £1.8m to tackle the perennial water shortage.

British Waterways is taking the initiative in starting to restore the Grantham canal, now no longer threatened with possible subsidence from coal mining. The Montgomery canal has enjoyed powerful support from the Prince's Trust and local authorities.

And Britain's longest (three miles) tunnel, Standedge, on the Huddersfield canal, is expected to be the next target for restoration.

British Waterways now finds itself in an embarrassing position on this issue. It has co-operated with voluntary societies and local authorities in facilitating restoration; yet is prevented by the 1968 Act from providing proper maintenance of these reopened canals unless local authorities guarantee continuing financial support.

But as still more government and EC funding, together with substantial private investment in waterside amenities, is poured into the worthy cause of reviving a wasted environmental asset, the time has come when the out-dated classification of the 1968 Act should be revoked, and full recognition and permanent rights accorded to the remaining canals.

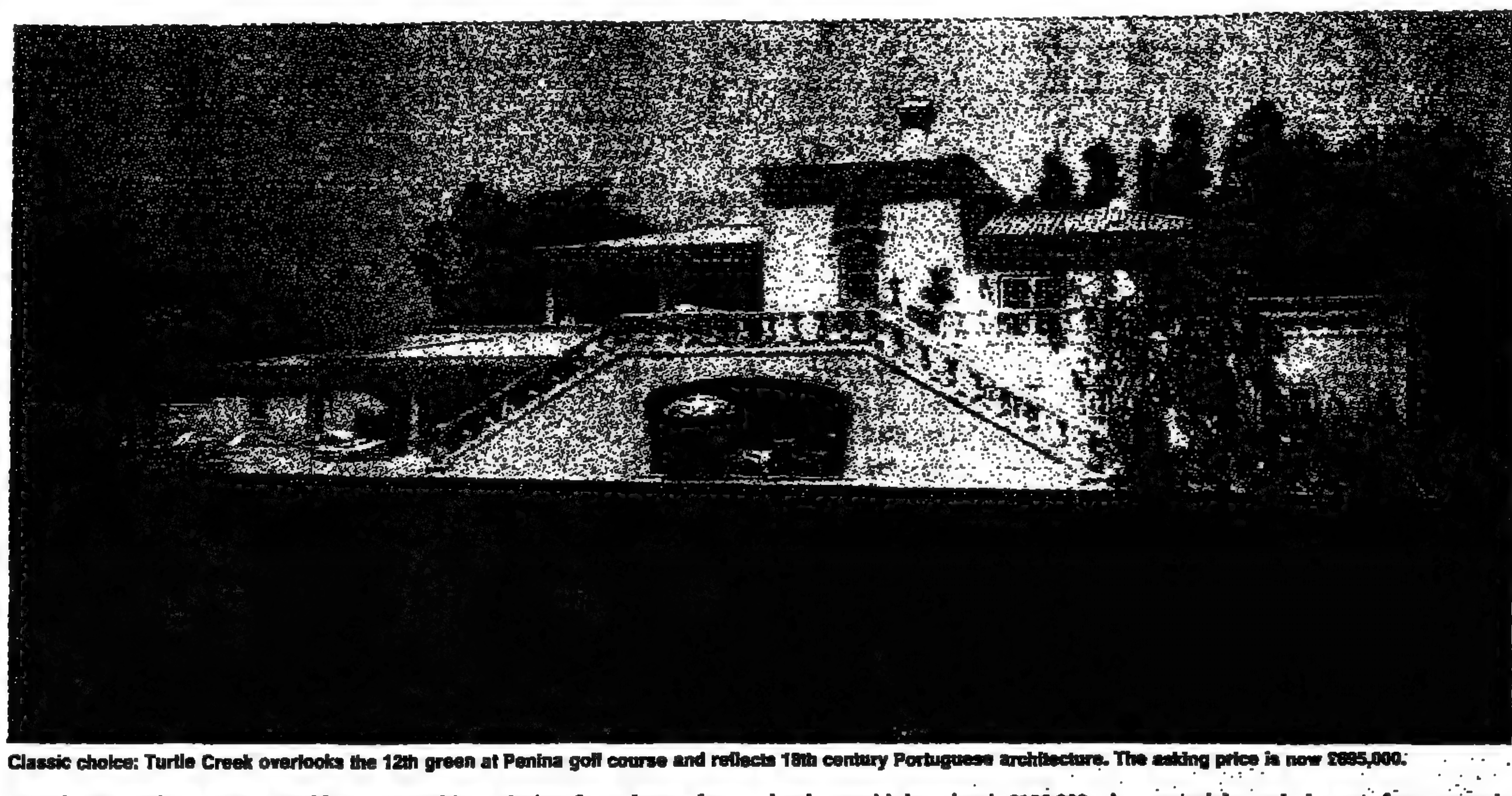
Having been brought back into use, our canals now deserve to be assured of a long lease of life.

David Bolton is the author of Race Against Time: How Britain's Waterways Were Saved (Methuen/Mandarin).

PROPERTY

Going it alone in Portugal's villa market

***Audrey Powell** looks at a scheme for buyers with design ideas of their own*



Classic choice: Turtle Creek overlooks the 12th green at Penina golf course and reflects 18th century Portuguese architecture. The asking price is now £695,000.

BUILDING a home to the buyer's personal taste – rather than buying a resale or a property on a large development – is a popular option in many parts of Portugal.

One firm which caters for this market is Portogoa, which is based in Lagos, in the centre of the western Algarve. It offers a large portfolio of plots and a comprehensive design and building service. Maintenance and letting can be arranged through an agent, if required.

The company's three directors are Graham Fone, an English civil engineer with a consulting background; Paul Loughlin, an Irish civil engineer with a contracting background (they met while working in Saudi Arabia), and Francisco da Silva, formerly involved in the property market in the US.

After seven years working in the Middle East, Fone returned to his native Devon. But "one wet summer, and that was enough," he says. Spending a year touring warmer places, he met da Silva in the Algarve, where they saw an opening for a company which built villas. Loughlin was brought in and the company was formed in 1988.

"As a construction company, we offer a complete package," says Fone. "We carry a large portfolio of building plots, a range of villa designs that we can adjust to suit personal requirements and a professional construction team that can handle all the building work."

The plots are mostly in the western Algarve and all have planning permission. The price of inland sites start at about £20,000, prices for plots with sea views start from £50,000. Depending on size, plot prices can go up to £250,000.

The lowest total price for a two-bedroom property with land, which might be as much as an acre in an inland area such as Silves, could be below £100,000. But Portogoa tends to cater more for the upper market and top prices depend on how much house and land the buyer wants and in what location.

Portogoa has its own architect who works from a series of basic villa designs on which clients can begin to build their own requirements.

A starting point might be the Casa Monchique design for a large, four-bedroom villa with multi-level roof. Ground floor rooms open off an atrium and the dining and living rooms have covered terraces. Three of the bedrooms with ensuite bathrooms are at this level. The master bedroom, with its bathroom, study and square open terrace, is on the first floor.

The cost of construction of a design on these lines, excluding land, would be about £166,000. A swimming pool would be an additional £16,000. Building takes eight to 12 months, depending on the size of the property.

But what advantages are there in buying from companies such as Portogoa, rather than big developers?

Fone says smaller companies have fewer overheads, a saving they are able to pass on to customers. Buyers also have a choice of plot, design and materials and do not face annual management charges that are usually levied on an estate.

Portogoa (Lagos tel: 082-341035) has agents in nine countries, including Surrey-based Grainger Properties (0276-855292), which can handle management and letting for owners.

Fone says that, at present, about 60 per cent of Portogoa's clients are German, 25 per cent British. Others are Dutch, Swiss and Austrian.

Good escudo to buy now...

CURRENCY upheavals in other countries sometimes present attractive opportunities for holiday home buyers.

But it is not often that a purchaser can take advantage of this type of situation in his own country.

Sharp-witted Portuguese were not slow to spot a benefit to themselves on their home ground in the recent gyrations of exchange rates.

British developer Bovis Abroad, building in Portugal's Algarve, had been working out its costings and quoting its new property prices in sterling.

When the exchange rate dropped from a peak of about 247 escudos to the pound to about 214 escudos, the Portuguese began taking a lot more interest in these properties themselves.

Bovis has now switched to quoting its Algarve prices in escudos.

(Quoting in sterling had been an anomaly, said Bovis. The two Algarve developments concerned had been financed in sterling. For a time, the exchange rate for sterling buyers would be pegged at 250 escudos and would then revert to current rates.)

Currently on Bovis' Sao Lourenco estate, prices range from about £100,000 for a studio to £205,000 for a three-bedroom villa. At Lakeside village – also an Algarve golf course development – the range is from £115,000 for a one-bedroom apartment to £280,000 for a four-bedroom villa.

While sales are slow, as almost everywhere, Bovis says German interest is picking up, with a number of enquiries are also coming from Hong Kong.

A.P.

Secondary uses for second homes

PEOPLE buying holiday homes in Portugal are looking increasingly for property that will generate rental income to cover annual outgoings. In the past, they bought more for their own sole use.

The move towards lettings is just one of the changes in today's cash-strapped market, says Jennie Pinder, director of Euro Property Advisers in Salisbury, Wiltshire.

Pinder says the popular price for Britons purchasing second homes is now between £80,000 and £150,000. The person who paid £200,000 two years ago is unlikely to spend more than £150,000 now.

Pinder believes people are also more concerned with value for money. Those buying new want to see exactly what they are getting and may be reluctant to purchase in advance of a property being completed.

This philosophy is giving a boost to resales, where prices are also lower and homes often come fully furnished. Many of the homes on the agency's books are resales, with 80 per cent of the vendors being British.

New homes for sale often find themselves competing with resales at lower prices on the same site. Agents say property prices on Portugal's Algarve coast are down 30 per cent on those of 1989.

The choice on Euro Property Advisers' resale list (available from 0722-413636) is, however, wide enough to suit most pockets. It starts at around £40,000 for a two-bedroom house on a half-acre plot, 15 minutes from Faro airport.

Towards the top end of the market is a six-bedroom/six-bathroom villa at Quinta do Lago for £680,000. It has a lounge, dining room, games room, wine cellar, gardener's quarters, swimming pool, double garage and landscaped grounds.

A number of properties on sale are owned by companies, formed by a consortium of buyers to purchase as a tax-saving exercise. New buyers could take over the company.

Many second homes are being sold fully furnished, such as a four-bedroom, three-bathroom villa near Loule, with summer and winter lounges, pool and garage, for which £220,000 is asked.

Where families have decided their second home no longer fits the family budget, the holiday car may also be thrown in to the bargain for a quick sale.

A two-bedroom house at Bordeira includes an acre plot, irrigation system, solar heating, garage, swimming pool, all the furniture and a 1980 mini for £130,000.

A three-bedroom villa with a similar amount of land at Almancil, 10 minutes from the sea, brings with it the furniture and a Renault 5 car for £165,000. A modern resale villa on an acre of hillside near Loule has four ensuite bedrooms, lounge-dining room, marble floors, air conditioning, a heated pool, tennis court, double garage, the furniture and a four-wheel drive Mercedes wagon for £410,000.

But a sprinkling of new properties in the Algarve is being offered by Hamptons (London tel: 071-493-8222).

Work has just begun on the first show house at Vila Sol golf course development near Vilamoura. The course is completed and hosted this year's Portuguese Open.

The show property, one of four, will probably sell for about £400,000. But plots overlooking the course have already succumbed to the market and are being offered at reductions of 15 per cent, with the cheapest now about £65,000.

Under construction is a five-bedroom crescent-shaped house on an ocean-view site of nearly two acres at Funchal Ridge near Lagos, priced at £425,000. Hamptons also has a newly-built five-bedroom property with pool at Penina golf course, a short drive from the coastal town of Portimao, at £290,000.

But Hamptons also has a wide range of resales on offer, albeit pricey ones.

A 20-year old seven-bedroom house in five acres on Funchal Ridge, with swimming pool and staff cottage, is £525,000, while £500,000 would buy a four-bedroom villa with pool on the residential estate of Quinta das Salinas, or a similar sized house with pool, tennis court and staff accommodation between Vale do Lobo and Quinta do Lago. Both are about 20 minutes from Faro airport.

Of a style which sets it apart from many of the properties offered is Turtle Creek, which overlooks the 12th green at Penina golf course.

It was designed to reflect 18th century Portuguese architecture. Two sets of ornate exterior steps lead to first-floor level terraces. Inside, a circular marble staircase sweeps around the entrance hall.

It has five bedrooms, swimming pool and an acre of ground. It came on the market in 1989 at £750,000 and the asking price is now £695,000.

Agents tell you that even in the depth of a recession there is a select circle of buyers who are always able to find the money for something really special.

And that, says Hamptons' international department manager, Naomi Greatbanks, is what they will soon have to offer in Sintra, near Lisbon. Hamptons has been assembling a collection of spectacular properties there – palaces around the £2m mark, a royal shooting estate and much more – which it is soon to put on the market.

A.P.

SKIING

Off the piste, Europe's ski slopes turn green

***Doug Sager** describes the campaign to preserve Alpine wilderness and the effect it is having on skiers*

An ecological threat: a lone skier, off-piste in the Alps

OFF-PISTE skiers in the Alps are an endangered species. Europe's only surviving wilderness, the glaciers and peaks, are being fenced in. Skiers, who thrill to the open spaces and untracked terrain of the high mountains, are being told they are a threat to the environment.

In the Swiss resort of Verbier, famed for its hard core off-piste skiing, ugly plastic fences have been erected around the forest under the main telecabines. Fights between forest rangers and rogue skiers whoinsist on getting the light, fluffy powder under the protected trees are routine.

The fences replace less obtrusive warning ribbons, which proved inadequate to keep out skiers on days when heavy snow forced closure of the upper lifts, as it often does in Verbier, and the trees promised the only good skiing available on a £25 per day lift ticket.

Verbier is not unique, except for the rapacious price of its lift ticket. *All across the Alps*, posters with cute little rabbits command a halt to skiing in the forests, an activity which attracts an estimated 10m skiers each year. In most cases the line between a gentle reminder and the force of law is not clear.

Helicopter skiing is the environmentalist's biggest bugbear. Helicopter skiing is banned outright in France, on its last legs in Austria and restricted to designated sites in Italy and Switzerland. So sensitive is the issue among the environmentally-aware Swiss, that the national airline, Swissair, even declines to print photographs of helicopters in its inflight magazine.

Most skiers are avid outdoors people, and would readily admit that any human endeavour has an impact on the environment. There is also little argument that laissez faire development has sometimes gone too far.

Dr Toni Labhart of the Swiss Alpine Club, for example, does not hesitate to describe the chalet sprawl and creeping lift network of Verbier as, "a cancer growing across the four valleys".

Some resorts have even seized on concern as a marketing point. Switzerland, where winter tourism is a £4bn business, advises motorists that salt on roads has been reduced out of respect for the environment. (There is no report yet on the accident rate). The Austrian Tourist Office publishes a chart claiming the highest level of ecologically friendly spending in Europe.

Out in the clear mountain air swishing through the pristine spar*kling snow, holiday skier may well* wonder what all the fuss is about. They may accept that skiing in the forest frightens wintering animals, possibly to death, and that ski edges can cut young saplings.

But arguments against snowmaking and piste grooming are less clear. nowmaking "wastes" water and electricity. Bullet-like artificial snow granules, even when not generated by biologically engineered micro-organisms as they are in North America, are much more resistant to spring melt, especially when packed down by snow grooming machines. The grass comes later than "normal".

Attitudes differ, and many people are indifferent. In the US I watched a professor of ecology cut down a young fir on the ski slope for his Christmas tree. The province of British Columbia politely sacrificed a corner of a wilderness park when the ski area of Blackcomb wanted to expand. "What's wrong with snowmaking?" was the question every American asked *with honest* amazement.

Most British holidaymakers react with equal astonishment when informed of the standard Swiss practice of switch*ing off car engines at red lights.* Inquiries at the Ski Club of Great Britain and the UK headquarters of the World Wildlife Fund revealed no ground swell of public interest in the ecology of holiday venues.

To take a skier's view, the most important environmental issue is *overpopulation, leading to lift* queues. The calculation of how many people can pollute a piste before the snow suffers terminal brownout, is a concept taken seriously in the US. But Lech, in Austria, is the only resort in Europe to shut the tills at the ticket office once the pistes are full.

I like the Austrian attitude towards the environment. When I once asked the tourist director of St Anton what his biggest ecological problem was, he frowned and said: "Swedish vomit".

On the wrong side of the mountain

***Arnold Wilson** drops down from his habitual Courchevel eyrie and has great fun*

SOME SKIERS steadfastly refuse to try new resorts: they are perfectly happy to return to Saas Fee, Soll, Flaine or Zermatt every year (their privilege of course). There are skiers who have been going to Wengen all their lives and would be alarmed if they did not know precisely what was round the next corner of all their favourite runs.

People also have their favourite areas within a resort, particularly in some of the huge conurbations *such as the Trois Valleés, L'Espace* Killy and Portes du Soleil. This can mean missing some extremely good skiing. Does it matter? I must confess that I sometimes find myself in this camp: during numerous visits to the Trois Valleés, I have never bothered with Courchevel 1650, which has always seemed to be somewhat out on a limb.

Until last winter I had always been preoccupied with skiing what to my rather smug way of thinking was the more "important" area above Courchevel 1850, such as the Jean Blanc and Jockeys runs, or perhaps picking off some of Courchevel's many skiable couloirs, or *slavishly skiing across to Meribel* and Val Thorens because that was the thing to do. Indeed, if you are staying at 1850, the idea of starting the day by going down to 1650 seemed rather a wimpish concept.

But when Nick Morgan of Le Ski – which claims to have more chalets in Courchevel (most of them in 1650) than any other tour operator – suggested a day's skiing down at 1650 I magnanimously agreed.

The day started in brisk fashion with three of us making a *kilometre lanceé* style descent to meet him, thinking ourselves rather grand as we hurtled down from our alpine eyrie to meet the hoi polloi of 1650 *which is slightly isolated on the* "wrong side" of a gorge.

There is nothing quite like the first fast run of the day, when breakfast is still trying to fuel the system, cobwebs are still clinging to eyelids and the icy cold blast of alpine air forces its way into your lungs causing a mixture of shock and delight.

The skiing down from Mont Bel Air is steep motorway – a real scorcher. Eyes water and the heart pounds and then sings – this is when you remember exactly why you return to the mountains year after year.

We met Nick and Charlie, the Le Ski *guide, just before 10 am for a* quick drink at the Signal bar. Then we started the long ascent. Gradually, taking lift after lift, we worked our way to the top of the system. Finally, at Chanrossa, we had run out of uphill transport. It was time to take our skis off and start climbing. We were heading for a classic, but not terribly difficult, off piste itinerary: Les Avals.

The climb was quite steep and took us nearly an hour, but in perfect weather and with inspiring scenery, it was almost a picnic, albeit a strenuous one. We could have shortened the journey by 20 minutes or so by putting on skins *and walking up on skis. At the top* we paused to catch our breath before starting our descent with a leap off a cornice. Nick had brought some chocolate and soft drinks so we had a quick fuel intake while we admired the view. Then, one by one, we dropped off the ridge.

For the next hour or so we were greeted with a gently meandering but quite steep valley. We were able to cruise comfortably on top of a mixture of corn snow and wind-packed powder. There was hardly another soul.

The mountain we climbed to get to Les Avals was the Roc Merlet (2,735 metres). The Les Avals is between the Col du *Fruit* and the Petit Mont Blanc. A good insiders' route back from 1650 to 1850 is the Telecabine d'Arionaaz followed by a short ski to the Teleski de la Combe. You can then ski the long testing red, Combe Roc Mugnier. Then you take the Aiguille du Fruit four-person detachable chair where there is usually little queueing. For the final run back to 1850, Morgan prefers the black Suisses run and then the long green Bellecôte.

You do not have to ski Les Avals to enjoy 1650's skiing – indeed it is very much the minority who do. There is a network of lifts and pistes all the way up to the Col de Chanrossa which would constitute a reasonable-sized ski resort on its own if you did not know about the rest of Courchevel and the three-valley system. The journey from 1850 to 1650, the Les Avals tour and the long and enjoyable return to 1850 had consumed an entire day. It was an extraordinarily satisfying day and one that we would never had experienced had we stuck rigidly to tried and tested terrain. So – for once – let's hear it for unfashionable 1650, and for trying new areas in general. The snow may not always be whiter, but it is often rewarding to investigate.

■ *Le Ski is at 25, Holly Terrace, Huddersfield HDI 6JW. Tel: 0484-548996.*

GARDENING

Dealing with a floating front lawn

***Robin Lane Fox** tries to tackle the ravages of wet weather*

THERE HAS never been such a prelude to deep winter: rain, rain and more rain, until even the authorities in Kent have had to lift their ban on hosepipes. Before you paddle off Christmas shopping, there are urgent problems in your floating garden: some of them are stored for the future, others are oversights which we like to pretend do not exist.

Looking forward, I see problems from footprints and serious danger for flower pots. We cannot give up weeding, cutting down and replanting just because it is a wet year, but these jobs oblige us to walk on flower beds. Wellingtons squash the ground between border plants and flatten it into wet cake. Whenever you are walking on the soil, be sure to lay down short planks of wood and use them as your pedestals and tractor-treads. By spreading your weight they stop you packing the soil so that it becomes unworkable next spring. Fork over the ground beneath the planks as you remove them and beat your retreat.

Flower pots need more urgent attention. The soil inside them is sopping wet and gallons of rainwater have now drained through ornamental terracotta urns. The first heavy frost will ice the pots on to any hard surface on which they are standing: iced bottoms are a major reason why expensive pots from Spain or the Far East disintegrate outdoors.

Instead, stand them on two upturned bricks or stones so that their drainage holes are raised above the ground. The water will then run through without freezing the pot on to its supporting surface. This protection needs action now, before nature compounds her hostility and freezes up before Christmas.

Inside urns and large pots, remember that flower bulbs are having a prolonged baptism. Usually, I leave them uncovered and merely hope that winter will not freeze them and turn them to a soft mush. This year, I am considering the example of some of our biggest public gardens where pots are surfaced with thick plastic, lashed into place until late winter.

These defences cannot remain in place much later than the end of January because hyacinths, daffodils and so forth will then be nosing their way through the ground. This year, however, the soil begins from such a wet point that a fall of snow on top of it will multiply the muddiness and the mess from thawing frost. It may be wise to cover up potted bulbs for safety, at least for the next six weeks or so.

As for the oversights, they concern tulips, spring bedding and the other Dutch bulbs which you bought forwards in August, fearing chaos in the currency markets. The fall in the pound has already pushed their prices up by 15 per cent and nobody wants to be losing stock for next year. After a call auction on tulips, I am still struggling to plant the delivered bulbs in all the drizzle. What can you do if you still have tulips, wallflowers, forget-me-nots and even some crocuses with young shoots like yellow tusks sitting unplanted in brown paper bags?

Despite the books' advice, all is not lost. Tulips, certainly, will not fail to flower if you plant them as deep as you can during the next fortnight. In wet ground, accurate planting is more difficult, but you must be sure that the bulb is sitting firmly on earth underneath it, not sideways on a pocket of air. Indoors, some of the bulbs may have lost their outer brown tunics, but even if you plant them looking white and naked, most of them will still survive. They are merely more prone to diseases, especially to mould in wet soil. If any of them are already showing tell-tale spots of greenish-blue,throw them out before planting.

Unplanted crocuses are all shoots, no roots, but they will settle, flower and survive even if you plant them as late as the next 10 days. Th effects may show in 1994 when fewer corms will have grown on and made up for lost progress. However, I still have some satisfactory plants which were planted as late as December 18: human delay is not as dangerous to them as the deadly attention of mice.

Forget-me-nots and wallflowers are much more obliging. Plants can still be moved around whenever the ground is workable: those which I planted in early October have made little more progress and those still waiting on the sidelines. This year, the main difficulty is that wallflowers have made such wretchedly small plants. Do not blame your carelessness: professional growers have fared no better and tell me that they blame *a dry start, a cold spell in summer* and the rain from July onwards which flattened the soil and prevented plants from forming proper roots.

Throughout the autumn, I have been grappling with wallflowers in my two chosen colours, Primrose Bedder and Scarlet Bedder, thinking vague thoughts about which I would choose if they were females, not wallflowers. As plants, nobody could have picked them for choice, because they are under-developed.

Meanwhile, I am making the best of my trump card for spring gardening: it involves the scattering of bedding plants in the gaps down herbaceous borders. Six years ago, we started to revive this old unorthodoxy in the long borders in my Oxford college. Wallflowers are much the best bet, because their roots do not run hungrily and drain too much goodness from the soil. The art is to pack in separate clumps of wallflowers in civilised colours wherever border plants have retreated ot their main root stocks and left gaps in the soil. Wallflowers fill in and can be ripped out and thrown away when the border begins to fill out in late May.

Even now, it is not too late for this easy task. If you have a choice, avoid the mixed colours which are most widely available because they include a high proportion of the vigorous orange varieties. Their colour is rather beastly, a poor mix for the deeper reds and pale yellows. The job is so rewarding because it doubles a border's season in the simplest way.

These spring bedding plants do not *require their own special* bed, let alone a personal space on a roundabout by courtesy of your local council. They are plants like any others: walk the plank on wet soil between your borders and even at this late date, you can strike a blow for a brighter spring.

Disaster strikes – and not even tying down the pot plants can save this garden

Country View

Peat bogs get the bird

IF THE boom of the bittern is a sound which stirs your heart, or you thrill to the long low glide of a marsh harrier floating above feathery reed heads bending in the breeze, then the Somerset Levels will certainly be worth visiting.

The Somerset Trust for Nature Conservation has secured £90,000 from the EC towards a £180,000 pilot project to turn worked-out peat diggings into areas for suitable wildlife.

Although it still needs to raise a large proportion of the remainder, it has already put in hand the initial stages of the project work.

The final area, dubbed the Avalon Marshes, should exceed 3,500 acres although the pilot scheme will look at less than 10 per cent of that.

Nevertheless, the announcement that the freehold of Fison's peat bogs will be passing to English Nature – although the company intends to continue working many of them – may help to increase this figure before the end of the project.

As a result the trust has given a cautious welcome to Fisons' proposals largely because, in that company's Somerset ownership, there is little original peat bog left to destroy.

Conservationists are much more worried about the indirect effects of the peat industry for the continued pumping, necessary to lower water levels for peat extraction, is still damaging wildlife reserves of national importance.

Peat is funny stuff. When it is wet it can become so waterlogged it turn almost to slurry, but if it ever dries out then it is difficult to impregnate with water again. Rain runs off or slides into the surface cracks and then trickles out of these into the ditches leaving the underlying peat dry, friable and constantly shrinking.

Fisons has promised to take immediate measures to protect the water table but one Somerset Trust reserve is so badly desiccated that Dr Christopher Hancock, conservation officer, says it will be touch and go to save it.

Usually little peat is left once the extracting companies have finished and most of the peat diggings have been stripped down to their clay beds.

By carefully using a mixture of clay and what little peat does remain, a mosaic of

islands, reed beds and deeper water can be created.

For five years the trust has worked wonders on a small reserve of 66 acres within the pilot study area.

The list of birds to be seen from its hides is impressive and includes reed warbler, Cetti's warbler, water rail, various species of duck, including breeding gadwall and garganey and, yes, marsh harrier and bittern do call in from time to time.

But while the Avalon Marshes may sound like a location from an Arthurian legend, the area will not look as it did before peat was extracted to feed the enormous appetites of garden centres nor will it have the same wildlife interest.

Instead, it will appear very much as it did 6,000 years ago, before the peat began to build up. Restoration is going to be a long-term project.

Michael Woods

A mature achievers' gala

Antony Thorncroft visits a multi-purpose arts centre with a difference

"THE FRIENDS of Raymond Kravis" sounds like the title of a Black Mask pulp thriller. Actually they are responsible for a different kind of fantasy, exposing the world to yet another multi-purpose arts centre, or rather Center.

For the Kravis is in Palm Beach, Florida, which the Centre's managing director, Paul Beard, describes as "frontier country for the arts". And not smart Palm Beach, the narrow island where millionaires are vulgar and billionaires common, but West Palm Beach, on the mainland and very much the other side of the social tracks.

It is even worse than that. With such a venture as the Kravis, a $55m investment, many deals needed to be made. One deal envisaged it as the centrepiece for an urban regeneration programme, rubbing a little of Palm Beach affluence into the West. A black shanty town was demolished. But then the developer's money ran out and the Kravis stands, like a marooned, cultural capsule stranded out of time, surrounded by scrub.

There is also something other-worldly about the building. Architect Eberhard Zeidler has given it plenty of light and space, with vast public areas where the locals can indulge their favourite past time – appraising each other. After too much reality, he lets them pass through to a traditional red-plush, 2,100 seat auditorium, which is something like a 1930's Odeon with Egyptian pretensions.

But the Kravis is up and running. The friends of Raymond Kravis, a 91 year old retired Oklahoma oil man, put up $10m; the State of Florida and the County of Palm Beach found $17m between them; and the rest of the money just poured in from the locals, 15 of whom gave over $1m. It was a weird exercise. Most of the money comes from those fleeing the snow, who like to winter at Palm Beach during its short smart season.

They were wooed by a Massachusetts electronics tycoon, Alex Dreyfoos, who is the driving force behind the project. His involvement was not totally altruistic, however. He found it difficult to tempt bright Boston men to work on his Florida interests because the place was a cultural desert. Dreyfoos, an arts lover, formed a local Arts Council and then mooted the idea of an arts centre. It was hard going. Then: "I raised my sights. I said we were building a world class venue and wanted much more money. The rich responded to this larger budget. One man told me 'Alex, I know nothing about the arts but I don't want my children to say that'".

Being Palm Beach the Kravis opened with a $1.5m gala, of which $500,000 went to the blossoming endowment fund and $1m towards recruiting a cast to match the audience – mature achievers. The star was undoubtedly Ella Fitzgerald. She is almost blind now; she is lame; she is wheeled to the centre of the stage where an audience, and almost 60 years of experience, jolt her into life. She still hits more beautifully rounded notes than any other popular singer; there is a poignancy to her performance of "My ship has sailed" that is unmatchable.

The new Kravis center is not in smart Palm Beach where millionaires are vulgar and billionaires common, but West Palm Beach, very much the other side of the social tracks

She was a brief interlude of grace amid the razzmatazz of Faith Prince, whose Miss Adelaide from *Guys and Dolls* is the current Broadway smash; the equally boisterous Isaac Stern, breezing his way through the Bruch violin sonata; Lily Tomlin, who performed her infuriatingly twee telephone operator party piece; and Leontyne Price, who can still belt out the Puccini. As galas go it went quite quickly, shooed along by the local boy made good, Burt Reynolds, who was laid back to the point of torpor.

Many of the artists reappeared during the week in full flow. The Alvin Ailey Dance Theater may be in danger of severe stereotyping, as they wiggle and pout their way through the blues routine, shimmy and salaam in the gospel rousers and so on, but there remains a black intensity which holds the eyes. Leontyne Price beautifully scores – and almost as beautifully misses – in her well rounded recital of songs and arias, sounding better on the Handel than with American songs set to poems by Emily Dickinson, when her diction can be perverse.

The Kravis was given its first major sound test by the Atlanta Symphony playing Beethoven under Yoel Levi. The acoustics were handled by Russell Johnson's company Artec, on a high after its success with concert halls in Dallas and Birmingham. The Kravis is rather dull in comparison. The sound hardly engulfs the audience, with the strings sounding better than the brass.

Not that too many international orchestras will be playing the Kravis in the immediate future. The programming is sensible to the point of caution. During the winter months the rich transients get what they like – big names peddling memories: so welcome Frank Sinatra, Liza Minnelli, Julio Iglesias and Victor Borge.

But in the summer things will be different. The Mayor of Palm Beach, Nancy Graham, is a great supporter of the arts. The Kravis will be used to bring a disparate community together. There have already been free performances for children and minority groups. The deserted High School across the road, Reynolds' Alma Mater, is planned to become Florida's School for the Performing Arts, feeding off the Kravis.

Within five years the Kravis should be the nub of a new, mixed, neighbourhood, which looks to it for mental, cultural, and indeed spiritual, stimulation. At the very least the Kravis will anchor some of the local arts organisations – the Palm Beach Opera, Ballet Florida, the Florida Philharmonic – which will develop from this base. It will become an attractive magnet, along with new arts centres at nearby Fort Lauderdale and elsewhere in Florida, for touring international arts groups.

Artistic director Judith Shepherd is moving slowly. For two years she will nurse her two suspicious audiences, the sceptical rich and the dubious poor, with an undemanding mix of the popular and the light classical. Then she will raise their cultural imaginations, adding more international orchestras and opera companies, and a late spring arts festival, which will build up to make the Kravis a force in the arts world. After the obstacles already overcome, it looks like a cakewalk.

Poetry in performance

Poles apart

LIKE Manchester, the Polish city of Lódź was a prosperous place in the 19th century thanks to its flourishing textile industries. By the time the English poet Stephen Romer spent a year there in the immediate aftermath of the upheavals of 1989, all that had changed. What Romer experienced during that year has been recorded in a memorable sequence of poems that form the last part of his new book, *Plato's Ladder* (Oxford, £6.99), this autumn's choice of the Poetry Book Society, from which he read at the Voice Box last week.

According to the Polish poet Adam Zagajewski, too many observers from outside foolishly regard Poland as a kind of "fairy tale, defenceless land". They transform it in their writing into a caricature of itself. Romer's poems avoid that kind of wilful dishonesty by means of clear reportage.

Romer began by recording his obsession with the painful physical circumstances of his life there – the terrible flat in which he lived, "worse than Bleaney's", where each room seemed to be a wind tunnel and every morning he would have to remove the film of black dirt from his windowsill. He lived opposite a power station. Beneath the window, he could see a grotesque socialist-realist sculpture group entitled "The Titans", each one "black from implementing the future". And on Friday nights he watched workers, drunk in the snow reeling about like "bulky moonmen".

Looking back at Lódź's history, there is a sense of shame in the poems about the Ghetto. Lódź, unlike Warsaw, experienced no uprising. Its spiritual elder, Mordecai Chaim Rumkowski, was a very accommodating man, ensuring that his flock did exactly what the Nazis required of them, including satisfying the deportation quotas. He caused his fellow Jews to die in pursuit of the vain hope of a promised survival. Romer's poems are a vivid sequence of sketches, lapidary, epigrammatic; moments, captured and recorded, from an anguished period of his life.

Romer's poems, clearly expressed, were pungent in the choice of detail; and he read them self-effacingly as if it were the poems that were important and not the poet himself. Glyn Maxwell on the other hand, another young English poet who read at the Voice Box recently, is seldom easy to listen to because his brash personality gets in the way of the poetry. Maxwell was recently described by America's former Poet Laureate, Joseph Brodsky, as "the great white hope of English poetry", and there is a great deal to admire in his work. Like the young Auden, he is prolific and tirelessly experimental. Although a new book had appeared only months ago (*Out of the Rain*, Bloodaxe Books, £6.95), he had new poems in his hand that he was bursting to share with us.

The best of these, "Poets of the Compass", "The Sarajevo Zoo", "Ost", and "The Devil at War" explore the themes of unrest in Europe, the situation of Berlin; and more general ideas about westernness, easternness, northernness, etc. "The Sarajevo Zoo", which he wrote he had read of the plight of the last bear remaining there, had a great poignancy: "The nothing they had between those hands was hope". Maxwell soaks up everything, very quickly. He feels vehemently. He writes compulsively. But occasionally, like Milton in that great sonnet, he might serve his muse the better by merely standing and waiting.

Michael Glover

Saleroom

Historic Van Gogh

ONE OF Van Gogh's very last paintings, "Jardin à Auvers" which has not been seen in public since the war, goes on display today in Paris's Drouot sale rooms and tomorrow night becomes the first ever historic monument to be put up for auction in France.

Auctioneer Jean-Claude Binoche has put an estimate of between Fr50-80m (around £602,000 to £960,000) on the work which he thinks could have fetched up to Fr300m (£3,610,000) if its peculiar status did not prevent it leaving the country. Made an historic monument in 1988 because of the scarcity of works by Van Gogh in France's public collections – there are 25 in all – "Jardin à Auvers", even with its modest estimate, would easily gobble up the entire annual purchasing budget of French Museums. Paris's Musèe d'Orsay, the keenest candidate for the canvas, is praying that whichever French collector does buy the painting will make it into a "dation" – a work of art offered to the state in lieu of death duties.

"Jardin a Auvers" was painted in July 1890 just days before Van Gogh killed himself while staying at Auvers-sur-Oise near Paris with Dr Paul-Ferdinand Gachet. It is the first major work by Van Gogh to come up for sale since his painting of his host and physician "Portrait du Dr Gachet", executed June 3-5, 1890, broke all auction house records by fetching $82,500,000 (£43,107,142) at Christie's New York in May 1990 – just before the art market bubble burst.

Measuring 64 by 80cm "Jardin à Auvers" was probably painted in two sessions. It depicts a corner of a very formal French garden, without horizon or sky, given dizzying bright movement by a variety of brush strokes with which Van Gogh was experimenting at the time. Last exhibited in 1945 at the Stedelijk Museum in Amsterdam, it was sold to its present owner, French collector Jacques Walter in 1954 from the collection of Mrs Alice Kurtz.

Nicholas Powell

The spectacular Han Dynasty bronze horse, on show for one day only at No 96 Mount Street

The orient survives in Mayfair

***Susan Moore** finds lean times for some dealers are opportune for others*

MOUNT Street and adjoining Davies Street in London's Mayfair boast the highest concentration of top oriental art dealers in the world. The last year, however, has seen the closure of royal warrant holders John Sparks Ltd (established 1888); Barling of Mount Street (established 1946), which dominated the Chinese furniture market, ceased trading in June; Japanese ceramics specialists Helen Buxton Ltd locked their doors for the last time last month and other famous names are conspicuous for their lack of activity – and stock.

Barling's proprietor Nicholas Grindley believed his most positive response to a threatened 110 per cent rent increase was to call in the receiver. He plans to return to business as a private dealer. Helen Buxton found that her diminishing profits could no longer justify the expense of a shop. She decided to sell most of her stock at auction, reinvest at new prices, and deal from home.

Five former antique shops now sit empty on the south side of Mount Street. Moreover, the arrival of Jacuzzi showrooms and hairdressers seems set to change the character of one of the most elegant and exclusive shopping parades in Europe. Of the oriental art dealers, only Speelman and Oriental Bronzes Ltd remain. Landlords and financial backers are proving a far greater threat to London's dealers during this recession than the auction houses ever were.

Paradoxically, lean times for some are also opportune times for others wishing to make the move to Mayfair. In the last year, for instance, the asking rental for the Sparks shop, arguably the best in Mount Street, has dropped over £20,000 to £64,000 per annum for a full repairing lease. Last month, Pelham Galleries, distinguished furniture dealers, left the Fulham Road to re-open at Nos. 24 and 25 Mount Street, and a promising new venture, The Oriental Art Gallery, opened its doors at No 4 Davies Street. Kensington Church Street dealers are also rumoured to be off to Davies Street.

This week sees the inaugural exhibition of The Oriental Art Gallery Ltd. The firm's directors – and proprietors – are Gerard Hawthorn, formerly of Sydney L. Moss, and virtually the entire old oriental department of Spink: Roger Keverne, Ben Janssens and Miranda Clarke. Some three years ago, Messers Hawthorn and Keverne had attempted to take over the troubled John Sparks Ltd. Its demise, they believe, has left a gaping hole in the marketplace for a general oriental art dealer. In their new enterprise they aim to keep their inventory as large and as diverse as possible.

The 127 pieces on show reflect this philosophy. Objects range from an archaic Chinese bronze food vessel or *ding* from the late Shang Dynasty (12th/11th century BC) to porcelain, glass, silver, furniture, lacquer, ivory, jades and other carved hardstones, cloisonné enamel, and textiles. There is even the odd Indian or Khmer sculpture. Most of the pieces are fresh to the market and among the finest of their type – however modest. Prices range from £525 to £28,000. The exhibition opens on Wednesday.

Eskenazi, in contrast, opens a valedictory show, the last at its present gallery. In the spring the firm moves to its own building, No. 10 Clifford Street, off Bond Street. While The Oriental Art Gallery offers something for everyone, this exhibition focuses on one of the most subtle and recherché fields of collecting: early Chinese lacquer.

Almost all of the pieces on offer come from the collection of the late Jean-Pierre Dubosc, a notable scholar-cum-dealer-cum-art adviser. It was in Japan during the 1960s that he began to appreciate the quiet beauty of early Chinese lacquer, then little appreciated. He encouraged museums to assemble notable holdings; part of his own is already in the Asian Art Museum in San Francisco.

Lacquer is a time-consuming, precise art. The 14th century Yuan period red lacquer dish decorated with melons and heavily veined foliage, for instance, was probably painstakingly built up and carved over a period of years. Each thin layer of lacquer could only be applied when the previous one had dried slowly to the correct consistency. The beguilingly simple Song period (11th-12th century) dish in the form of a seven-petalled mallow flower is the show's tour-de-force of exquisite understatement. It is as light as a wafer, and far more agreeable to handle than chilly porcelain, a medium lacquer greatly influenced.

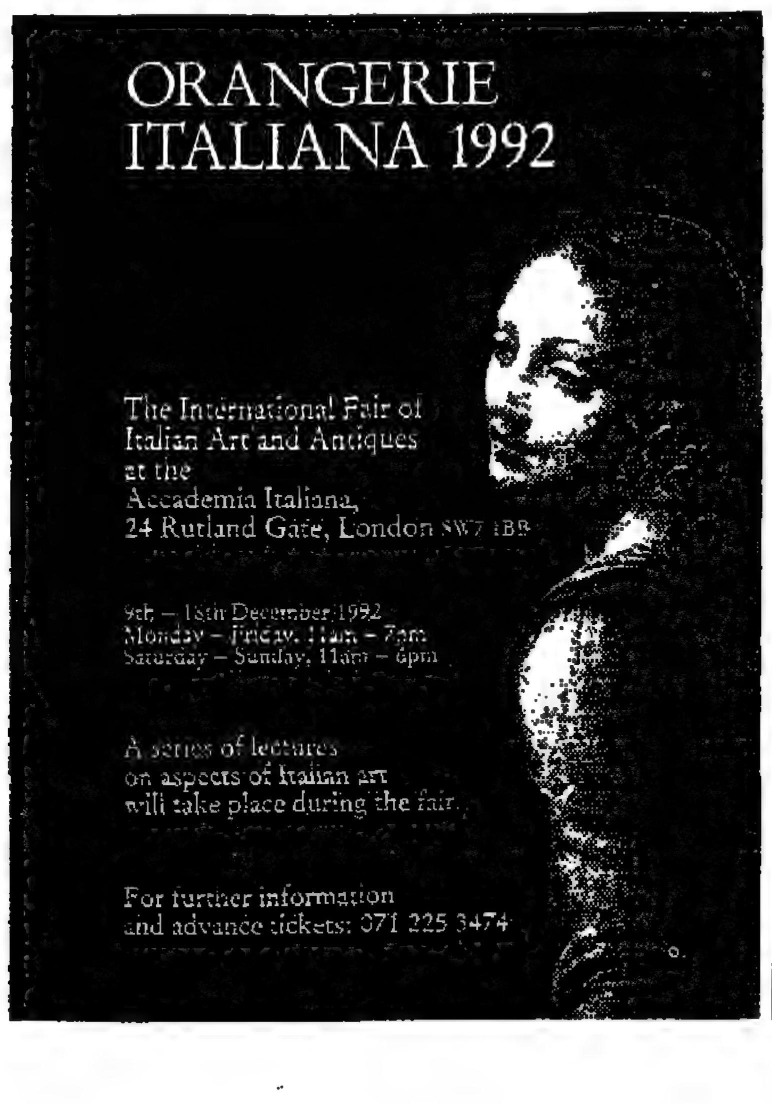
Today, the tables have turned and lacquer is far less valuable than porcelain, although – or perhaps because – it survives in far greater quantities. Prices range from £12,000-£90,000. The show runs at Foxglove House, 166 Piccadilly, W1, December 8-22.

Back at No. 96 Mount Street, Christian Deydier of Oriental Bronzes shows a spectacular Han Dynasty (206BC-AD 220) bronze horse for one day only, December 8. This noble beast, 1.27m high, was one of perhaps two or four tomb horses made to accompany a chariot. He is for our delectation only; he cost "many millions" and has already been sold.

At Spink's, meanwhile, Michael Spink has returned to the family firm as director in charge of the South East Asian, Himalayan, Indian and Islamic departments. This month sees the firm branching out to offer Arts and Crafts British jewellery for the first time. At 5-7 King Street, St James's, until December 24, is jewellery by the likes of the Gaskins, George Hunt, Sybil Dunlop, Mosheh Oved and Omar Ramsden – plus an entirely new discovery, Maud Eastman.

Highly wearable are Sybil Dunlop's "Carpet of Gems" jewels – richly coloured semi-precious stones, boldly set and redolent of Indian jewellery. Her rectangular brooch set with green and pink tourmalines, fire opals and citrines in the form of a vine, of around 1925, is yours for £2,500. Maud Eastman's necklace of faceted rock crystal, rose quartz and gilt metal beads is a delight – and a more reasonable £1,500. Prices start at £750.

Her necklaces are more feminine versions of those by the contemporary sculptor-jeweller Breon O'Casey, hand-cut out of lapis lazuli, amber, moonstone and carnelian. O'Casey's jewellery has a powerful, primitive quality, and is on show at the Oxford Gallery (23 High Street, Oxford) until January 6. Prices £280-£3,900.



Our critics review a clutch of books with Christmas in mind

Lord Carnarvon, his daughter Lady Jane Herbert and Howard Carter at the tomb of Tutankhamen

Archaeology/**Gerald Cadogan**

From King Tut with love

AT LAST, 70 years after he found the tomb of Tutankhamen, Howard Carter is receiving the acclaim he deserves – a major biography, a fascinating exhibition at the British Museum and a lively book and television series to accompany it. Why so long? Probably because he was difficult, litigious and somewhat greedy – in short, "a troublemaker". Yet this archaeologist, who never received an honour from British royalty and never went to university but was an honorary doctor of Yale, resurrected the 14th century BC teenage king of Egypt with a patience, determination and skill that still leave professionals gasping.

How did Carter come to be the man who raised Tutankhamen from the dead? The short answer is that he was well respected but out of work in 1909, when Lord Carnarvon hired him to dig in the Valley of the Kings on the West Bank of the Nile opposite Luxor. T.G.H. James, retired Keeper of Egyptian Antiquities at the BM, gives the long answer in his judicious, leisurely biography, which fits many strange details in to their context (even if it omits Almina Carnarvon's re-marriage within nine months of the Earl's death.)

James's book will delight those eager to learn about archaeology abroad in the days when Carnarvon ordered Jackson's of Piccadilly to send out curried fowls and tabasco sauce to the Winter Palace in Luxor. And it will bring wry smiles of recognition to any digger who has suffered prickly colleagues, permit problems with host officials, and money disputes with committees in London.

Carter came from a family of journeyman-artists. Aged only 17, his fine watercolours of birds and wild animals gave him an extraordinary break when, with a subvention from Lord Amherst, he went as a "tracer" to record the spirited paintings in the tombs at Beni Hasan in middle Egypt. The country caught him. He lived in a tomb on a cliff overlooking the Nile and worked from dawn to dusk.

His drawings and pictures, on view at the BM, show he was a prodigy with an exceptional eye, a firm but lively line, and the humility and patience to look at every little bit of what the ancient artist had created and reproduce it. (He even includes the cracks and flaking.) As bland photographs never can, his pictures take you straight back to how the world saw itself 4000 years ago.

Two months later he had a dig of his own – for Amherst, but under the direction of the great Flinders Petrie. Within three years (and still a minor) he had changed for ever how draughtsmen drew Egyptian tombs. In the meantime he started a lifelong career of part-time dealing in antiquities, using his keen eye and knowledge of Arabic and the Egyptians which today would be quite improper for a field archaeologist. It repaired his modest circumstances, a constant nag to which patrons and grand friends did not respond.

Later, he bought for Carnarvon and the American museums, and died in 1939, comfortably off from commissions and lecture fees. He had come up in the world, dressing with a touch of the rakish like Carnarvon, and had taken elocution lessons.

At 25 he was chosen by the Director of Antiquities to be Inspector of Upper Egypt at Luxor – an astonishing but perceptive testimonial to the excellence of a self-taught man. Carter tackled the job practically, fitting gates and installing electric light in the tombs in the Valley of the Kings so that visitors at last could see them. He lived in "Castle Carter" among the ruins on the West Bank, where he kept a menagerie that included a pet gazelle.

Promotion to Lower Egypt was not so happy. In 1905 a fracas erupted with a party of drunken French visitors at Saqqara. Carter's men used their sticks: Carter he rushed off a telegram to Lord Cromer to explain. This revealing incident strained the Entente Cordiale, a touchy thing in Egypt. The press was fervid in both languages. Rights and wrongs are unclear. An apology from Carter would have let it pass, everybody told him. He refused, and became known as a difficult man. Soon after he resigned his job, thinking he would make a living from his watercolours, dealing and high-class guiding.

A grim few years followed which Carnarvon, who had come to Egypt to recover from a motor accident, broke by offering him a job to dig for him on the West Bank (as well as buying antiquities). The two men became good friends. In 1911 Carter built himself a second "Castle Carter", with bricks from the Earl's own brickworks stamped "MADE AT BRETBY ENGLAND FOR HOWARD CARTER A.D. THEBES 1910" – just as the Pharoahs used to do. In 1914 Carnarvon secured the concession for the Valley of the Kings, where it seemed that only one royal tomb had not been found. The First World war then interrupted the proceedings, and Carter worked intermittently for Intelligence in Cairo.

In the Valley, Carter mapped everything that he – or anybody else – had found. By autumn 1922 the only place left to look was under some huts. He moved them and on November 4 found the entrance of the sealed royal tomb. Carnarvon left Berkshire at once. On November 26 the two peered in through a small hole. "Can you see anything?" "Yes, wonderful things."

Troubles began forthwith – with the press, officials, visitors who thought they deserved privileged access, and the scholars. "Gold always maddens people", Petrie wrote later. Nerves were at breaking point: was the tomb really intact? Yes! and although there had been a break-in a very long time ago, the tomb had been resealed. Carter faced the most difficult and most spectacular task that archaeology has ever seen. The pressure was colossal.

Thank goodness for his cool determination. He assembled a first-rate team and took ten years to clear the tomb. It was all worth the effort, the rows, and suffering from ill health. If in doubt, go to the Egyptian Museum in Cairo, and in the BM exhibition look at Carter's catalogue cards and records to see with what superb professionalism this awkward and, I assume, resentful man did the job.

From Earl's Court in London and Swaffham in Norfolk it is a long way to the Valley of the Kings. It was his eye that carried him forward, both by what he drew or bought and, figuratively, because he recognised what was really important. To grasp fully his achievement, visit *Howard Carter Before Tutankhamen* at the BM (till May 31), and look at his watercolours, his plans, and the wonderful pieces he bought for his collectors. An entrancing video, slowed down to cut out the jerky movements of 1920s film, shows him at work. Tut brought blessings, not curses.

HOWARD CARTER
by T G H James
Kegan Paul £24.95 443 pages

HOWARD CARTER BEFORE TUTANKHAMEN
by Nicholas Reeves and John H Taylor
British Museum £12.95, 201 pages

Music

These are our songs

BIOGRAPHIES and reference books are the main musical fare that publishers have been putting out for Christmas. True, a "think book" has appeared in the form of Anthony Arblaster's *Viva la Libertà!* (Verso, £18.95), a study of politics in opera; and this is fluently written and wide-ranging, though it is disconcerting to be twice told by the author that he has been unable to see or hear Britten's *Owen Wingrave*, when I can see the 1971 Decca recording on my shelf as I write.

Of serious substance but greatly entertaining is a portrait of Beethoven as seen by his contemporaries. H.C.Robbins Landon's *Beethoven, His Life, Work and World*, and one may add, his Eccentricities, is a handsome Thames and Hudson hardback (£24.00) adapted by the author from his 1970 volume, *Beethoven: a Documentary Study*, and makes a wonderful present. Currently reissued in paperback is Eric Sams's definitive study from 1961, revised in 1982, *The Songs of Hugo Wolf* (Faber and Faber, £12.99).

Song-lovers will also be gratified by the publication of *The Spanish Song Companion* (Gollancz, £25.00), which follows S.S. Prawer's *Penguin Book of Lieder* in making available both in the original and in translation the lyric texts of an entire tradition – this one extending from the 13th century Alfonso X of Castile to the still living Xavier Montsalvatge. It is chiefly an anthology, but the compiler-translators, Jacqueline Cockburn and Richard Stokes, lucidly explain everything as the book and the tradition unfold.

The tenor Nigel Douglas's *Legendary Voices* (André Deutsch, £19.99) cheerfully reviews the careers of such as Caruso, Flagstad, Gobbi, Pinza, Turner with close reference to what is available on CD. Voice-fanciers are also served by yet another biography of *Maria Callas* (Quartet, £25.00), though the author Jürgen Kesting has done diligent research.

The crop of biographies includes Robert Baldock's life of the saintly cellist *Pablo Casals* (Gollancz, £20.00), David Revill's enthusiastic life of the late composer and maverick *John Cage* (Bloomsbury, £22-50), and Harold C. Schonberg's life of the pianist and professional legend *Vladimir Horowitz* (Simon & Schuster, £20.00).

This last is written in a tabloid style favouring exclamatory single-sentence paragraphs and prefers to take a gossipy interest in the vicissitudes of the music business than probe too deeply into its subject's personal unhappiness, admitted in asides. The sweeping ups and downs of Horowitz's career, his collapses and comebacks, are recorded with a certain vulgar air of suspense; but a profusion of pianistic insights, mostly Horowitz's own, is scattered across these pages ("The moment you know how to colour a phrase . . . excessive rubato disappears by itself. A rubato in tone has replaced it"); and there is an impressively elaborate discography.

Not quite a biography, Klaus Lang's *The Karajan Dossier* (Faber, £20.00) traces the professional progress of that peculiarly unattractive figure with a quiet but ultimately lethal indirection, using a medley of interviews and speeches.

Two out of the three new dictionaries are likely to become standard. *The Oxford Dictionary of Opera*, (Oxford, £25.00) by John Warrack and Ewan West is far more comprehensive and useful than Warrack's and Harold Rosenthal's *Concise Oxford Dictionary* of the same subject, from which it draws some material, and failed my spot-tests only in the matter of saying nothing about York Höller's *Der Meister und Margarita* (1989), the last opera to be staged at Paris's Salle Garnier. But Robin Holloway and his *Clarissa* are (just about) there.

Anthony Baines's *The Oxford Companion to Musical Instruments* (Oxford,£25.00) is ravishingly authoritative. And Norman Lebrecht's *The Companion to 20th Century Music* (Simon & Schuster, £20.00) is remarkably thorough (Höller's work suitably epitomised), though laced with inaccuracies, and wickedly partisan.

Paul Driver

Biography/**Nigel Spivey**

Last of the master storytellers

GEORGE Steiner has saluted Robert Louis Stevenson as "among the last of the pure story-tellers." This is an unnecessarily terminal judgment: there have been good story-tellers since RLS, from John Buchan to Jeffrey Archer. But it was as Tusitala, or "teller of tales", that Stevenson was honoured on Samoa, where he finally settled: and it as a story-teller that he commands enduring affection.

He wrote a good many essays, which are largely typical of their time – nicely-tuned, idling-over prose, with not much to say but yielding the occasional apophthegm. But he himself recognised the cogency of a good yarn. "To the devil with your philosophy. When we are well again, and have an easy mind, we shall peruse your important work."

Weak-chested from childhood, he wrote stories to alleviate the tedium of being continuously prone to illness. So often he tells of a fever enough "to kill a horse", or a throat oozing blood. It is a cliché to point this out, but the invalid commonly validates existence in this way, and seizes upon events and sentiments with a relish worth communicating.

Illness did not inhibit his travelling (doctors then had the pleasant habit of prescribing long sojourns in the South of France as a cure for all sorts of maladies), and as this new biography shows, he would undertake deliberately squalid journeys with the aim of collecting material, or even as a test of his health.

Yet his best stories are the fantasies of a bedridden man. *Treasure Island* came from studying an old map, and Long John Silver from that ebullient lame hack, W.E. Henley, whose journals promoted Stevenson, Kipling and others. *Jekyll and Hyde* was a straight nightmare, perhaps heightened by a medicinal dose of laudanum. Add to Stevenson's Gothic sense of enthrallment the diligent application of literary craftsmanship, and the result is a series of stories whose success enabled their author's emigration to the South Seas.

He affected bemusement at this success, gloomily suspicious that he was only read by fellow novelists, journalists and "boys". The truth was that men (and women) became "boys" in these romances: metaphorically, whoever reads Stevenson is sat on his knee and mesmerised.

His best travel book, *Travels with a Donkey in the Cevennes*, works the same wonder: as an adolescent I remember how much I loved the frontispiece of my edition, with RLS reclining in his custom-made woollen sleeping-bag, relaxed with a twilight smoke, and ready to tell you the tales of the day.

Ian Bell's account of Stevenson is good on his Scottish origins, and better still on the nostalgia for Scotland which the emigrant never lost. He loved his native air, but it treated him roughly. Of the patriarchal, benevolent Stevenson of Vailima in the Pacific we are less well served. The affectionate account of the esteemed and emaciated author presiding over his plump Samoan tribe which was given long ago by Graham Balfour is not easily improved: and in any case, Stevenson gave a detailed and leisurely picture of his exile in his correspondence with Sidney Colvin (collected as *Vailima Letters*). Most of his time was spent in weeding, it seems.

Bell is self-confessedly not a scholar, which permits him to quote without giving sources, and leave us with a downright inadequate index. The verbless sentences are too many, and RLS could teach this biographer a thing or two about style. But Bell gets Stevenson right as an essentially artful story-teller. "He was a popular artist", writes Bell. And adds, wisely: "The conjunction has become rare".

■ A handsome edition of "Treasure Island" with illustrations by Mervyn Peake has just appeared in the new Everyman's Children's Classics series at £5.99.

DREAMS OF EXILE: ROBERT LOUIS STEVENSON
by Ian Bell
Mainstream Publishing £14.99 295 pages

Children/**Michael Glover**

Tales old and new pop up with pictures

IN BOOKS – as in life – the best ideas are often the simplest ones, striking the reader with the force of inevitability. The First Christmas (Frances Lincoln, £9.99) falls into this category, a picture book for the very young which brings together some of the great biblical paintings of the Renaissance from London's National Gallery and carefully chosen texts from the authorised version of the Old and New Testaments. It is a marvellous way of introducing great art – and the Christmas story – to young children.

Other outstanding picture books of the autumn include **The Story of the Creation** (Orchard Books, £8.99) by Jane Ray, which is full of this exhilarating artist's luminous colour and primitive stylisations of birds and animals; **Puss in Boots** (Little, Brown, £8.99), retold by Lincoln Kirstein, one of the founders of the New York City Ballet, and illustrated with great panache and theatricality by Alain Vaës, a set-and-costume designer for that same company.

For slightly older children, though still published in lavish picture-book format, there is an excellent re-telling by Vivian Werner of the story of the ballet **Petroushka** (Victor Gollancz, £9.95), illustrated by John Collier, one of America's most talented young illustrators. **Cinderella and the Hot Air Balloon** (Frances Lincoln, £7.99) by Ann Jungman is a racy, updated version of the Cinderella story illustrated with brio by Raymond Eyto, a young artist who, having absorbed many influences, past and present, is now beginning to look very visually distinctive indeed.

The majority of pop-up books scarcely fall into the category of books at all, but there are a couple of outstanding examples this autumn that deserve a mention. The ever-inventive publishers of Winnie-the-Pooh have produced an excellent **Winnie-the-Pooh Pop-up Theatre Book**, (Methuen, £12.99) which manages to provide a toy theatre on every spread (together with moving characters) and a tantalising envelope at the back which opens to reveal free-standing figures that can be deployed at will or whim. And, for those parents who cannot resist the pressure from beneath to purchase Thomas the Tank Engine titles, there is a splendidly inventive piece of cardboard engineering entitled **Thomas's Big Railway Pop-up Book** (Heinemann, £9.99).

The best of the traditional story collections for children of four and above is **The Kingfisher Treasury of Stories for Children** (Kingfisher, £12.99), edited by Edward and Nancy Blishen, which appeals by its excellent selection of stories, many of them written by such well-known writers as Arthur Ransome, James Reeves and Margaret Mahy, its generous format and simple though very appealing colour illustrations throughout.

An intriguing variant upon old themes is provided in **The Cloth of Dreams** (Little, Brown £12.99), a collection of new fairy tales for young children. James Mayhew's lavish illustrations almost drown the text in colour.

...and for adults who wish to cure an itch to know what the great fairy tales were like in their first English versions...

Children of five and above who are beginning to read on their own will enjoy some of the new titles from Hamish Hamilton's Cartwheels series: **Goodnight, Monster** by Carolyn Dinan, **Mrs Simkin and the Groovy Old Gramophone** by Linda Allen and **SOS for Rita** by Hilda Offen, all at £4.99. The majority of books published in series of this kind tend to be formulaic; Cartwheels manage to rise above that sort of thing.

Children who are ready for the novel proper and who have moved beyond the need to be seduced by illustrations ought to sample that veteran storyteller Rumer Godden, whose new novel, **Listen to the Nightingale** (Macmillan £9.99) about a little girl who has twin yearnings to succeed at becoming a ballerina and to own a King Charles Spaniel almost overwhelm her.

Other books highly recommended for the eight to 10 age group are **The Puffin Book of Funny Stories** (Viking, £9.99), edited by Helen Cresswell; an excellent (or "thoroughbred" as the publisher describes it) anthology of horsey stories called, with maximum inventiveness, **Horse and Pony Stories** edited by Christine Pullein-Thompson (Kingfisher, £7.99); and **Hands Off Our School!** by Joan Lingard (Hamish Hamilton, £6.99), a novel which describes the fight to save a little Highlands school from closure.

Older readers with a sophisticated taste for England's largely mythical past should read **Merlin Dreams** by Peter Dickinson (Gollancz, £7.99), a very compelling rehash of the Merlin legend, interwoven with medieval fantasy and much Celtic embroidery. Kids in pursuit of what it feels like to be an American teenager will enjoy **Bingo Brown's Guide to Romance** by Betsy Byars (Bodley Head, £7.99).

And finally, for all those adults who wish to cure an itch to know what the great fairy tales were like in their first English versions – before, that is, they were bowdlerised and sentimentalised by the Victorians – should buy a copy a a great classic of children's literature that has just been reissued, **The Classic Fairy Tales**, researched and presented by Iona and Peter Opie (Oxford, £17.95). The pictures alone will give the browser a potted history of English children's book illustration.

Art/**Patricia Morison**

Will the real Piero . . .

MY BEST Old Master books of the year range geographically from Arezzo to deeply obscure English parish-churches. First, then, three books, each called *Piero della Francesca*, marking the quincentenary of that complex, heavenly artist. Without being truly memorable, each has good points and prices are nicely spread. Each comes up with amusingly certain views on the most disputed identities of the 15th century; the three gentlemen on the right in the Urbino "Flagellation".

Two gentleman and an archangel, according to Ronald Lightbown whose *PDF* (Abbeville Press: £60, 308 pages) is a handsome book although the colour reproduction is not wonderful. It gives a careful account of Piero's hazy career, is notably strong on costume, but skimpy on Piero and perspective. Partially recycling a century-old theory, Lightbown identifies the three as a bearded Greek appealing to Francesco Sforza for a crusade against the Turk, listened to by Byzantium's guardian angel.

For Carlo Bertelli, the barefoot, golden youth is he who, according to the old legend, was restored to life by the touch of the True Cross unearthed by Empress Helena – the self-same scene Piero painted in the Arezzo frescoes.

Despite a woeful translation, Bertelli's *PDF* (Yale University Press; £35, 240 pages) is stimulating and the catalogue is certainly worth having. Differing from Lightbown, Bertelli rejects the Williamstown "Madonna and Child" – and gives a piquant run-down of Flagellation theories.

Marilyn Aranburg Lavin's *PDF* (Thames and Hudson; £12.95, 128 pages) is good value, a short essay plus incomplete catalogue. Clever but at times way off-beam, she identifies the problematic threesome as Ludovico Gonzaga and a noble friend. Each had recently lost a beloved relative and so Piero provided an "image of consolation"; the blonde figure, astonishingly, is said to represent the dear departed.

Hugely admired as Britain's great country-houses are, trying to find out in any detail about their history and contents is a frustrating business. Boughton House: The English Versailles (Faber & Faber; £100, 240 pages), edited by Tessa Murdoch and published in association with Christie's, points the way at its hefty price towards better treatment of the intelligent country-house visitor.

There could be no better place to start such an enterprise than Boughton, English home of the Dukes of Buccleuch whose collections are of legendary beauty and importance. Boughton is open to the public, in a discreet fashion on August afternoons, but such is its magnificence that it deserves to be far better-known.

Essentially 17th century, the house and many of the contents are due to Ralph Duke of Montagu, an ambitious, unscrupulous Francophile who dominates the book. Well-written essays by experts describe exquisite French furniture (some pieces given by Louis XIV to the eager Duke Ralph), paintings, 15th century Oriental carpets, tapestries, armour, and more.

One of the year's more intriguing art-books is Crista Grössinger's North-European Panel Paintings (Harvey Miller; £48, 302 pages). The author has tracked down all the Northern Renaissance panel-paintings lurking in English parish-churches, alms-houses, Catholic schools, and Oxbridge colleges. More than 70 of them are described and reproduced in this interesting book.

With few exceptions, these were made-for-export devotional images produced – not to say churned out – by Brussels and Antwerp workshops, following designs handed down by masters such as Pieter Coecke van Aelst. A mass of such work was being shipped to England before the Reformation, barely a single example of which has survived. The presence of these paintings therefore testifies to the taste of 19th-century collectors, enthusiasts for "Primitives" and, in many cases, for Roman Catholicism. Now that vicars tremble if anything in their churches is worth more than a few pounds, it is remarkable that so many consented to have their charming paintings put on the map for art-lovers – always assuming you can find the church-key.

ARTS

Alastair Muir

Mariko Fuji and Haruhiko Joh in the Japanese version

A tale of two Tempests

THE *Tempest* is the only Shakespeare play with only one woman in it. *Timon of Athens* runs it numerically close, but Alcibiades has two mistresses. In *The Tempest* Miranda is out on her own.

That thought occurred to me when watching two separate productions in London this week. It is not the master key to such a magical piece, yet it must have *some* significance. At the very least, it gives added point to Miranda's famous line: "Oh brave new world, that has such people in't". The stress is on the word "people". Miranda has not seen any people before, except for her father and then Ferdinand, her first love. Suddenly, late in the play, to see so many other "goodly creatures" suggests that if there were a *Tempest, Part II*, she might start to discriminate.

Here is one area where the Japanese and English Shakespeare Company's versions of *The Tempest* overlap. Both draw attention to Miranda's awakening to the real world. There is another similarity. A central scene in both productions is when Trinculo, the jester, and Stephano, the drunken butler, first come across Caliban: not very civilised human beings encountering the sub-human.

Until this week I had not fully realised that this is among the best comic scenes in Shakespeare – up to the level of the gravediggers' meeting with Hamlet. In the ESC version Trinculo is played by Tony Haygarth and, on the night I saw it, Stephano by an understudy, Andy Hough. Between them they supply moments of brilliance to an otherwise uncertain production.

The ESC version scores again in that it has a marvellously agile hermaphrodite Ariel played by Olwen Fouéré. There is never the slightest doubt that this Ariel is crucial to the play: not human, but not stupid either, temporarily a servant to Prospero, but not, like Caliban, a slave. Ms Fouéré sings, speaks, dresses and walks the tightrope almost to the point of dominance.

Curiously Ariel is the one part where the Japanese production, directed by Yukio Ninagawa, falls down. It is possible that my lack of Japanese has misled me, in which case I apologise in advance for missing the subtleties, but Ariel here appears like a slightly crippled spirit dressed in a white sheet who eventually flies off into the sunrise. The part is never central to the scheme.

For the rest, Ninagawa's direction is as visually stunning as you would expect. Every part of the Barbican stage is used to the full in a way that the Royal Shakespeare Company never knows quite how to manage. The play is set on the island of Sado in the Sea of Japan, which is where the Noh Theatre was founded and was the place of Japanese exile. It is a natural home for *The*

Malcolm Rutherford reviews the ESC and the Ninagawa productions

Tempest, just as Macbeth has his place among the Japanese warlords.

The use of music, colour and lighting is of a standard that we seldom achieve in this country. Note that little patch of sea, always slightly changing, in the background. When there is group movement, it really is group movement, and when there is stillness, it is total.

Mariko Fuji is a rapturously attractive Miranda, a young woman waking up. Where there may be a new interpretation is in Haruhiko Joh's Prospero. At the start, he is full of Japanese authority (not at all like the more detached scholar of John Woodvine in the ESC production). At the end, he is a visibly sadder and wearier man, having launched his daughter on the world. It is like the dignified abdication of the emperor.

There is a chance to see the Ninagawa at the Barbican this afternoon and this evening. The ESC *Tempest* is alternating at the Royalty with *Macbeth* for another week.

Fairy tales drawn in unexpected terms

PAULA Rego's career is rather more than a simple matter of the personal exploration and development in the work, rapid and remarkable though these have been these past dozen years. Lately it has taken on an increasing importance as one of reassertion, bringing back into the centre of interest narrative art which has, for too long, been distrusted and neglected. Narrative may have sustained the great tradition of western art, sacred and profane, from the renaissance to the romantics of the 19th century, but to set up as a narrative painter in the context of modernism was to invite, at best, the charge of irrelevance, at worst that of the sentimental and the illustrative.

Rising above all that, Paula Rego, since the early 1980s, has found the proper subject of her art in the fairy stories told her long ago in her native Portugal, and the darkly remembered, half-forgotten, ambiguous, embroidered incidents of her own distant childhood. And having found it, simply by getting on with it, she has turned herself into perhaps the most powerful, certainly the most intriguing figurative painter of her generation (she is now 57).

The drawing is bold and simple, the handling of the paint direct, uncomplicated, effective, the space clearly established. The forms and figure too are no less clearly described in conventional terms, and we can see all too well, though perhaps not always quite make out, what is going on, who is doing what to whom, and where and why. By degrees we recognise the formal tricks and games that are being played, the iconographical references, the signs and symbols. In whichever little scene or episode, the scale and size of the protagonists shifts and changes, just as the importance of a character is relative within the childish imagination, or equally so in the narrative *predellae* of any early renaissance altar-piece.

Her work thus is illustrative in the old, true and honourable sense, telling a story that we either know well, though stated in so much fresher or perhaps unexpected terms, or may reinvent for ourselves. She is, therefore, a natural and obvious artist to turn her attention to illustration as such. Not surprisingly, the

William Packer admires the recent work of Paula Rego

larger part of this exhibition is taken up with the portfolio of etchings she has recently produced to illustrate the Folio Society's new edition of *Peter Pan* in Barrie's original text, along with the related ink and watercolour studies, and drawings, for other projects: *The Wide Sargasso Sea* and *The Ferry Girl*. There is also a number of large watercolour paintings made last summer on holiday at Estoril.

The formal strength and the wit and inventiveness of her imagination are all clear enough. She relishes the play of light and dark, quite as much in metaphorical as in practical terms: the hens on the open hillside, the more sinister peacocks in the cooler undergrowth, the mass innocently at play, the darker forces massing unseen. It is this quality she has, of recognising and expressing the sinister and the macabre, and most especially the child's horrified fascination with matters of sex and death, that makes her not merely a brilliant and original exponent within the terms set by her own work, but one of considerable, more general, importance.

For we live now in a timid and sentimental age, and are inclined to forget a truth that was always recognised before: that the cautionary tale and fairy story are among the devices whereby the child may begin to come to terms imaginatively with the awful truths of life and death. The Brothers Grimm were a far cry from Walt Disney, and Strewelpeter from the Pink Panther. What Disney has made safe, he has also, like pasteurised milk, rendered inert, and the delicious frisson of the old stories become almost a kind of child abuse.

In rescuing *Peter Pan* from the vapid and the sentimental, and returning it to us as the darker, infinitely more equivocal story that Barrie wrote, as we now know, to exorcise his own demons, Miss Rego does us a service perhaps greater than she realises or intended. The service remains for all that, and done with a splendid geniality and malevolent glee, even as the Mermaid pushes Wendy to drown beneath the waves, or Tiger Lily is tied up to die at the Marooners' Rock, or the Lost Boys unwillingly succumb to the Pirates. And always there is Captain Hook, with Wendy on his arm.

Paula Rego: Peter Pan & Other Stories: Marlborough Fine Art & Graphics, 6 Albemarle Street, W1, until January 30.

'Wendy's Song', etching/aquatint, by Paula Rego for the Folio Society's new illustrated edition of 'Peter Pan'

Saxophonists par excellence

WHAT WITH his coiffed hair, designer zoot suit and smoothy alto technique, David Sanborn is every inch the beer commercial saxophonist. Since his early days with fellow crossover jazzers, the Brecker Brothers, he has coolly cultivated a saleable image based on almost conversational licks and hummable tunes.

For the latest of many big selling albums, *Upfront* (Elektra 7559-61272-2), however, he has struck a more aggressive pose. Like the Brecker Bros he now deals in hard, no holds barred shrieking funk. (If I had been told a year ago that Sanborn would soon be covering Ornette Coleman I would have replied that, "Yes and the Spontaneous Music Ensemble will do Christmas carols.")

Surprising as it is, the change of direction seems to have worked and on the strength of *Upfront*, Sanborn fans have filled the cavernous North London Town & Country Club for three consecutive nights. The group here, on the road for the best part of the year, is a more portable version of the album's and as tight as they come. It features a genuine Hammond B3 organ among the synth keyboards, knee knocking long haired guitarist, electric bass, drums, plus a mountain of timbale and conga drums.

But if the first lazy tear of Sanborn's alto into the simple funky backbeat recalls familiar ground, the material is harder and rougher. This is the same user-friendly Sanborn but with an edge. A series of abrasively catchy phrases is developed into a searing, crowd teasing crescendo before he hands over to guitarist Dean Brown (who clearly divides his time between watching *Wayne's World* and listening to Mike Stern records). The excitement is sustained by feisty percussion from Don Alias and the stick twirling antics of drummer, Sonny Emory and the whole circus is held together by Ricky Peterson's swirling keyboards.

"Benny" and "Alcazar", delicious cuts from the new album were beautifully paced and then wrung for all they were worth by each of the personnel. "Soul Serenade", a blues as comfortable as an old shoe, was turned inside out by Sanborn before being handed on to Brown for a sub-George Benson scat-along and climax in a duet.

David Sanborn and Joe Henderson live up to their reputations

Mooching around the stage the while, appearing to be in complete control, a sanguine Sanborn announced to roars of approval, "I have officially lost control." He hadn't; sections of his audience had.

Garry Booth

It is a fitting that in a year when tenor saxophonist Joe Henderson produces one of the finest interpretations of Duke Ellington's music with his album *Lush Life* (Verve), he should stand alongside the great composer in being the only other artist to ever receive three Downbeat awards in the same year – in Henderson's case, 1992 Musician of the Year; Tenor Sax Player of the Year; and Album of the Year. Starting his five day residency at Yoshi's Club in Oakland, California, he celebrated his achievements with a customarily daunting command of his instrument.

Henderson is a classic player and, a reliable guardian of the traditional jazz formula. In a short set of standards he explored every angle with a mischievous skill – his warm, penetrating tone jack-knifing around the musical alleyways with fragile screams, scurrying patterns and invigorating unexpected low notes. He was in fine company – Al Foster chased his every move with precise and inventive drumming, bassman Larry Grenadier offered lovely, flowing basslines and pianist Larry Willis provided a solid harmonic backdrop.

Unexpectedly presented with his trio of awards by vibes player Bobby Hutcherson, Henderson ended the set with "Take the A Train", taking a captivating introductory duet with Foster and rounding it off with humorous aplomb with the rest of the band. In turn his audience gave him a standing ovation and Hutcherson pointed out: "He should have got this back in the Sixties." Never a moment too late.

Laura Connelly

Video/Nigel Andrews

All about getting lost

WHAT IS the most potent idea in all drama? Murder? Love? Jealousy? Ambition? Revenge? No: being lost. It is what happens to the protagonists in *The Odyssey*, *King Lear* and *Gulliver's Travels*. It is what happens to the villains in *The Tempest* and to the title hero in *ET*. It is what happens when surefooted men or women – or aliens – find solid ground pulled from under them and familiar backcloths swapped for *terrae incognitae*.

We should point all this out to you in preparation for this month's videos. The great thing about being lost, as biologist Lorraine Bracco finds in *Medicine Man* and Anthony Andrews in *Lost In Siberia*, and the hero of Murnau's vampire classic *Nosferatu* and the heroines (more metaphysically "lost") of *The Hand Thats Rocks The Cradle* and *Les Diaboliques*, is that you re-examine yourself and your values. "Where am I?" is a natural prequel to "Who am I?"

Pre-Christmas video releases always do raise these great questions of life and death, just when we are expecting tinselly escapism. (For that see last paragraph). The marketing psychology is as follows. Fifty million Britons will be soon be zonked out beyond resuscitation, gorged on wine, turkey and pud, unless they the video marketeers provide something to think about, wrestle with and stay awake for.

So here are Miss Bracco's adventures with Dr Sean Connery, her familiar urban world upheaved as she swings through the jungle with him seeking rare cancer-curing bromeliads. (Verdict: silly, but fun). Here is Anthony Andrews in an Anglo-Soviet ciné-Siberia, teeth chattering over the gelid dialogue and matching direction. (Silly, but less fun). And here, more formidably, are the towering Gothic disorientations of that borror classic *Nosferatu*, released in shrewd synchronicity with the soon-to-engulf-us wave of Dracula films.

Has there ever been a better film about being lost? The great German director F.W. Murnau took the Gothic conventions of his time (1922) and turned them inside-out, upside-down. Instead of the crazed studio sets of German Expressionism, he filmed outdoors and in a real castle. And instead of confronting his young hero adrift in Carpathia with the expected smoothly handsome vampire, he cast the hideously made-up Max Shreck as the neck-biter, a bald bat-eared human rat in funerary frock coat.

No wonder the youngster has to readjust his world-view and grow into premature adulthood. Likewise the young ladies of two delectable horror films from different aeons. Annabella Sciorra's young housewife in the recent *The Hand That Rocks The Cradle* is given a grow-up-fast course by nanny Rebecca Mornay, a friendly blonde who kills and maims. (Horror films about home invasion prove you can be lost in your very own dream domicile). And in the 1954 French classic *Les Diaboliques* director Henri-Georges Clouzot pushes his actress wife Vera into the screaming lead role of a schoolmistress encouraged to murder by a colleague (Simone Signoret). Deadly stabbings, horrid shadows, corpses rearing from bathwater.

But you are right. It *is* the festive season and before leaving we should earmark some videos for the children. Disney's 1950 animated feature *Cinderella*, though not quite vintage, has a scene-stealing Fairy Godmother and several show-stopping songs. Alan Parker's *The Commitments* is a funny, generous-spirited comedy about a Dublin soul band. And Laurel and Hardy are available in a collector's rarity, *The March Of The Wooden Soldiers*.

As for Alastair Sim in *Scrooge*, he still presides over the best screen version of *A Christmas Carol*, made in 1951. Mr Sim, all teeth, chuckles and nervous sepulchral chuckles, even makes Scrooge a bit of a charmer. But that is what Christmas is about. Peace and good will to all men, even to those above-mentioned video distributors who have an odd idea of what we should watch at Christmas.

Radio/B.A. Young

Frank talk

RELIABLE Radio 1 was sure to mark World AIDS Day, which fell on Tuesday. On that day came bulletins about AIDS and the risks in normal as well as gay sex; and on Wednesday came the first of three documentaries for young people to discuss their sexual experiences.

There was little discussion, just short personal accounts of how the callers first made contact, how they discovered what they were really after, how it affected them. Rightly, no advice was given except to call the talkline (not "helpline") if wanting expert talk. The callers were pretty frank, even the lesbians and gays (who did not seem to consider themselves exceptional). I rather wondered why any of them called the programme at all when so few seemed to have any problems; but it may have helped others to have heard them. This is just how Radio 1 should operate.

You would think Pam Gems's *Deborah's Daughter*, Radio 4's Monday play, was a romance, and so it is, though an unusual one. Deborah Pederson visits an imaginary Arab state, where her late husband made millions from oil, with a gift of $20m. The party, that includes her mother, Lady Wiggins, and her daughter Stephanie, arrives just as the ambitious Colonel Hassan launches a successful uprising against his King. We hear little of the conflict, and Hassan's social life continues apparently undisturbed. Romance appears when he woos Deborah, in phrases like "your soul is like a beautiful flower".

She finally falls for him, but only after a plethora of political talk on familiar oil-state lines and a fear that Hassan is after her daughter. No way – Stephanie is already pregnant by boy-friend David, who gets a job in Hassan's government; she barely earns her place in the title. It all seemed superficial. In spite of the committed playing of Prunella Scales as Deborah and Elizabeth Spriggs as her mother. Hassan is played by Raad Rawi; Adam Hussein, his ADC Ali, was also the adviser in Arabic, which Ms Scales manages fluently. Sue Dunderdale directed.

Hogarth, who last week painted the pool of Bethesda in Radio 3's Sunday play, surfaced again in this week's, a revival of last year's production of Nick Dear's *The Art of Success*. As I wrote last time, I don't believe dirty words should be used on radio as much as they are in this play. On the stage you can take them for granted, but on radio they cause a momentary check. Their acceptability is not for me to judge; myself, I accept them willingly. But I feel they might mute the enjoyment of this enchanting play about 18th-century London's artistic low life, even if they didn't for me. Richard Wortley directed; Michael Kitchen was a fine Cockney Hogarth, Linus Roache was Fielding, Pennie Dowling was murderess Sarah Sprackling.

Big Bands in the Big Apple doesn't sound like a Radio 2 programme, though it is properly faithful to Humphrey Lyttelton's *The Best of Jazz*. The *Big Bands* feature on Saturday was the first of two, an hour each, about the sidemen in the old-time big bands in New York's smart places, great for those who recall jazz players the way young people today immortalise pop-singers. I could fill the column with the names presenter Sheila Tracey brought up on her tour, with their appropriate music. It was addicts' delight. Addicts had George Shearing on Radio 2 on Monday, but "The BBC Big Band" is not such a magical-sounding name.

This week's castaway on *Desert Island Discs* was Lord Tebbit. Eminent castaways bring out the best in Sue Lawley; she never allows respect to dim her attack, and she was just as good as Tebbit – better, really – as the one that brought up the subjects. Like the chosen Sinatra, she did it *her* way.

Chess No 952:
1 Ne5 a5 2 Nc6 axb4 3 c4 b3 4 Nc2 bxc2 5 bxc2 mate.

The chess solution was omitted last week. It is:
Chess No 951:
1 Qf1 and mate next move.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live!

12.12 **Weather.**

12.15 **Grandstand.** Including at 12.20 Football: Looking ahead to the weekend's action from the FA Premier League and the second round of the FA Cup. 12.55 Racing from Chepstow: At 1.00 The Arlington Premier Chase. 1.10 News. 1.15 Boxing: Richie Woodhall v Arthur Serwano. 1.25 Racing: At 1.30 The Jack Brown Handicap Chase. 1.40 Boxing. 2.00 Racing: At 2.05 The Rehearsal Chase. 2.15 Skiing: The Men's Downhill Championship from Val d'Isere, France. Switzerland's Franz Heinzer begins the defence of his World Cup downhill title. 2.55 Rugby League: Warrington v Bradford Northern in round two of the Regal Trophy. 3.45 Football Half-Times. 3.55 Rugby League. Further coverage. 4.40 Final Score. Times may vary.

5.05 **News.**

5.15 **Regional News and Sport.**

5.20 **Dad's Army.**

5.50 **Big Break.** Snooker players Stephen Hendry, Peter Ebdon and Darren Morgan play against the clock and attempt to win the mystery prize for their partners.

6.20 **Noel's House Party.**

7.15 **Bruce Forsyth's Generation Game.**

8.15 **Casualty.** Starring Rula Lenska and Susan Penhaligon guest star.

9.05 **News and Sport; Weather.**

9.25 **Film: Weekend at Bernie's.** Premiere. Andrew McCarthy and Jonathan Silverman play two accountants who, fearing they will be blamed for the murder of their boss, pretend he is still alive, with comic results (1989).

11.00 **Match of the Day.** The best of the day's FA Premier League action, and highlights from ties in today's FA Cup second round.

12.15 **Film: Gymkata.** Starring Kurt Thomas (1985).

1.45 **Weather.**

1.50 **Close.**

BBC2

8.00 Open University. 9.05 Film: King's Row. 11.05 The Folk Tales of England. 11.25 Bird's Eye View. 12.15 pm Film: Stagecoach.

1.50 **Network East.** An insight into Asian fashion. Designer Wendell Rodericks discusses her sources of inspiration, which include the poetry of the Dalai Lama and the colours of Buddhist robes.

2.20 **Tanhaiyan.**

3.00 **The Ice Puppy.** The difficult life of the harp seal. Born in large numbers, they learn to survive on their own after just a few days.

3.10 **Film: They Were Expendable.** John Wayne and Robert Montgomery in John Ford's Second World War drama about a squadron of torpedo boats in the Pacific (1945).

5.20 **Scrutiny.** The work of the House of Commons' Select Committees.

5.50 **Pole to Pole.** Michael Palin hears bad news when a North Zambian witch doctor called Basla announces he is under the influence of an 'evil shadow'. Shown Wednesday on BBC1.

6.40 **News and Sport; Weather.**

6.55 **Political Memoirs: Neil Kinnock - The Lost Leader.** The ex-Labour Party leader reviews his nine years in opposition. When Neil Kinnock took over from Michael Foot in 1983, Labour's long-term survival was in doubt. He set out to make the party electable by defeating Militant and revisisng policy. For the first time since he stood down after Labour's defeat, he talks about his political career.

7.35 **Song of the Night.** An insight into the imagination of Polish composer Karol Szymanowski. With excerpts from Stabat Mater and the First Violin Concerto, performed by the Warsaw National Philharmonic Orchestra; **Advent Calendar.**

8.35 **Have I Got News for You.**

9.05 **Performance: After the Dance.** Terence Rattigan's play, first performed in 1939. Starring Anton Rodgers, Gemma Jones, Imogen Stubbs and John Bird.

11.00 **Film: The Watchmaker of St Paul.** A middle-aged widower realises how little he knows about his son when the police reveal the boy is wanted for murder. French drama, starring Philippe Noiret and Jean Rochefort (1973).(English subtitles).

12.45 **Saturday Night Live.**

1.20 **Close.**

LWT

6.00 TV Am. 9.25 What's Up Doc? 11.30 A Conversation with Magic. 12.00 The ITV Chart Show.

1.00 **ITN News; Weather.**

1.05 **LWT News and Weather; The Day.**

1.10 **European Champions' League Special.** Ian St John and Jimmy Greaves preview the forthcoming match between Rangers and CSKA Moscow in Bochum, Germany. Walter Smith's team achieved a draw in their first group match against Marseille.

1.40 **Snooker: World Matchplay.** From The Dome in Doncaster. Commentary by Rex Williams, Mark Wildman, John Pullman and Dennis Taylor.

4.10 **Dinosaurs.**

4.40 **ITN News and Results; Weather.**

5.00 **LWT News; Weather.**

5.05 **Cartoon Time.**

5.15 **Beverly Hills 90210.**

6.05 **Gladiators.** Contestants compete in tests of strength and stamina in a bid to win £5,000 and the chance to appear on American Gladiators. Presented by Ulrika Jonsson and John Fashanu.

7.05 **Blind Date.**

8.05 **British Comedy Awards 1992.** Jonathan Ross is the host as celebrities from the world of comedy - including Clive Anderson, Michael Barrymore, Dawn French and Angus Deayton - celebrate their various achievements.

10.05 **Beadle's About.**

10.35 **ITN News; Weather.**

10.50 **LWT Weather.**

10.55 **Snooker: World Matchplay.** The world's top players compete at The Dome, Doncaster, for a first prize of £70,000. Commentary by Rex Williams and Mark Wildman.

12.30 **Almost Grown.**

1.30 ***The Big E.***

2.25 **Get Stuffed; ITN News Headlines.**

2.30 **Indy Car Racing 1991.**

3.30 **Get Stuffed; ITN News Headlines.**

3.35 **New Music.**

4.35 **The Hit Man and Her.**

CHANNEL4

6.00 Early Morning. 10.00 Kabaddi. 10.30 Gazzetta Football Italia - With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On: News Watch. 12.30 pm Songs and Memories.

1.00 **The Friend.**

1.15 **Racing from Sandown.** Including the 1.25 Henry VIII Novices' Chase, 1.55 Thames Valley Eggs Novices' Handicap Hurdle, 2.30 William Hill Handicap Hurdle, and the 3.00 Mitsubushi Shogun Tingle Creek Trophy (H'cap).

3.30 **Film: Siege of the Saxons.** Medieval adventure starring Ronald Lewis as an outlaw trying to save the throne of England from the invading Saxons. With Janette Scott and Ronald Howard (1963).

5.05 **Brookside.**

6.30 **Right to Reply.** Sheena McDonald introduces viewers' reports and ideas about TV.

7.00 **A Week in Politics.** Vincent Hanna and Andrew Rawnsley with parliamentary news.

8.00 **The Big Battalions.** Martha and David enter dangerous territory when an American film star arrives in Ethiopia as part of an effort to improve World Redemption's corporate image. Susan's return to England causes problems for her father. Drama, starring Brian Cox, Jane Lapotaire and Loretta Swit.

9.00 **Sex.** John Doyle talks to young people on the beach, at school, in the car and in bed, about sex, celibacy and safety. Shown as part of AIDS Awareness Week.

10.00 **Film: Les Valseuses.** Gerard Depardieu as one of two hooligans on a criminal spree across France. With Patrick Dewaere and Jeanne Moreau (English subtitles).

12.15 **Let The Blood Run Free.**

12.45 **The Happening.**

1.45 **The Word.**

2.45 **Film: *Plan 9 from Outer Space.*** SF adventure which boasts the accolade of "worst film of all time". Bela Lugosi died halfway through filming and was replaced by an entirely dissimilar actor (1956).

4.05 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 5.00 Anglia News and Sport 10.50 Local Weather.

BORDER:
1.05 Border News. 1.10 Granada Sport. 5.00 Border News and Weather 5.10 Sports Results.

CENTRAL:
1.05 Central News 5.00 Central News 5.05 The Central Match - Goals Extra. 10.50 Local Weather.

CHANNEL:
1.05 Diary Dates. 1.10 TVS Sporting Decade. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN:
1.05 Grampian Headlines 5.00 Grampian Headlines and Weather 10.50 Grampian Weather.

GRANADA:
1.05 Granada News 1.10 Granada Sport. 5.00 Granada News 5.10 Granada Goals Extra.

HTV:
1.05 HTV News. 5.00 HTV News and Sport

HTV Wales as HTV except:
No variations.

SCOTTISH:
1.05 Scotland Today. 5.00 Scotsport Results. 5.10 Scotland Today 10.50 Scottish Weather.

TSW:
1.05 TSW News. 1.40 The South West Week. 2.10 Snooker: World Matchplay. 5.00 TSW News. 5.05 Gus Honeybun's Cartoon Time. 10.50 TSW Weather.

TVS:
1.05 TVS News. 1.10 TVS Sporting Decade. 5.00 TVS News.

TYNE TEES:
1.05 Tyne Tees News. 5.00 Tyne Tees Saturday.

ULSTER:
11.30 Zorro. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.40 Movies, Movies, Movies. 2.10 Snooker: World Matchplay. 4.35 Goal of the Week. 5.00 Ulster News 5.05 Saturday Sport. 10.50 Ulster Newstime

YORKSHIRE:
11.30 The Mountain Bike Show. 1.05 Calendar News. 5.00 Calendar News. 10.50 Local Weather.

S4C Wales as Channel 4 except:-
10.00 Jelfin. 12.00 Happy Days. 12.30 The Cosby Show. 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Deryn. 8.55 Tocyn Tymor. 9.45 Ladyboys. 10.45 The Return of Martin Guerre. (1982)

SUNDAY

BBC1

7.30 Film: Badman's Territory. 9.05 Good Morning with Anne and Nick - Advent Calendar. 9.10 News. 9.15 The Promise of His Glory. 10.00 See Hear! 10.45 Italianissimo. 11.00 Careering Ahead. 11.30 Mosaic.

12.00 **Advice Shop.** Helen Madden presents the welfare rights magazine.

12.30 **CountryFile.** Environmental and agricultural news.

12.55 **Weather for the Week Ahead; News.**

1.00 **On the Record.** Political interviews, with Jonathan Dimbleby and John Cole.

2.00 **EastEnders.**

3.00 **Eldorado.**

3.30 **Poll Winners' Party.**

5.00 **Bugs Bunny.**

5.20 **The Clothes Show.** Visiting Littlehampton in Sussex to find out how the Body Shop makes cosmetics. The team also presents handy fashion tips for Christmas using ribbons and hairpieces.

5.45 **The Borrowers.** The little people begin the search for their cousins with the help of Spiller, a wild Borrower. With Ian Holm.

6.15 **Weather Watch.**

6.25 **News.**

6.40 **Songs of Praise from Burgsteinfurt.** Alan Titchmarsh in the village of Burgsteinfurt in North Germany.

7.15 **Last of the Summer Wine.**

7.45 **Film: Perry Mason: The Case of the Desperate Deception.** Premiere. Raymond Burr as the famous attorney trying to clear a US Marine framed for murder (1990).

9.15 **News and Weather.**

9.30 **Look at It This Way.** Starring David Dukes.

10.30 **Everyman.** Examining the service of Evensong in the late 20th century. Everyman explores the place of this ancient ceremony through Dame Betty Ridley's devotion to the tradition.

11.10 ***Survivor's Guide* to *Maastricht.*** On the eve of the Edinburgh EC Summit, the programme offers a simple guide to the Maastricht Treaty and its implications for Britain.

11.45 **Bellamy Rides Again.** David Bellamy on restoring balance to the damaged nitrogen cycle.

12.15 **The Sky at Night.** Patrick Moore and Professor Sir Francis Graham-Smith discuss the Crab Nebula.

12.35 **Tanhaiyan.**

1.15 **Weather.**

1.20 **Close.**

BBC2

7.00 Felix the Cat. 7.15 Playdays. 7.40 Smoggies! 8.05 Telling Tales. 8.20 Orville and Cuddles. 8.25 Blitsa. 8.45 Gentle Ben. 9.10 The Wetter the Better. 9.35 Thundercats. 10.00 Kevin and Co. 10.25 Blue Peter Omnibus. 11.15 The O Zone. 11.30 Shakespeare: The Animated Tales. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 **The Staggering Stories of Ferdinand De Bargos.**

2.00 **Around Westminster.** A review of the week in politics.

2.30 **Trivial Pursuit.** David Attenborough narrates an investigation into why growing animals spend vast quantities of time and energy playing.

3.00 ***Film: Mister Roberts.*** *John Ford's* World War Two comedy drama about a navy lieutenant aboard a cargo ship who yearns to see military action. Starring Henry Fonda and James Cagney (1955).

5.00 **Rugby Special.**

6.00 **Ski Sunday.** New series. David Vine introduces highlights of the action from Val d'Isere, France.

6.35 **The Money Programme.** On the eve of the general share-holders meeting, Amstrad founder Alan Sugar answers critics about his plans for a buy-back which will make the company private.

7.15 **Realms of the Russian Bear.** Wildlife reporter Nikolai Drozdov continues his guided tour of the Commonwealth of Independent States with an exploration of the Arctic frontier. **Advent Calendar.**

8.05 **Funny Business.**

8.55 **Did You See?** Writer Hunter Davies, journalist and TV presenter Mavis Nicholson and England Rugby Union full-back Jonathan Webb are guests.

9.25 **Prisoners of Conscience.** New series. Helena Kennedy QC, presents an introductory programme launching two weeks of nightly programmes illustrating *the plight of wrongly imprisoned* people around the world.

9.55 **The Cry.** Michael Finnissy, leading British composer and a recently confirmed member of the Anglican Church, celebrates Advent with The Cry of Zephaniah, his musical interpretation of a Biblical story.

10.15 **Film: Longtime Companion.** Drama about men coming to terms with Aids. (1990).

11.55 **Film: The Big Heat.** Glenn Ford as a policeman investigating the murder of a colleague. (1953).

1.25 **Close.**

LWT

6.00 TV Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend; Weather.

1.00 **ITN News; Weather.**

1.10 **Special Inquiry.** Leading European and British politicians discuss the future of the EC. Donald MacCormick asks: Despite the protestations of British politicians, is a Federal Europe now inevitable?; **The Day.**

2.00 **Bullseye.**

2.30 **The London Match.** Charlton Athletic v Portsmouth. Commentary by Brian Moore.

3.30 **Snooker: World Matchplay.** The world's top players compete at The Dome, Doncaster, for a first prize of £70,000. Commentary by Rex Williams and Mark Wildman.

5.00 **Baywatch.**

6.00 **Animal Country.**

6.30 **ITN News; Weather.**

6.35 **LWT News; Weather.**

6.40 **Highway.** Sir Harry Secombe travels to Bathgate in West Lothian.

7.15 **The Ruth Rendell Mysteries.** Final part of Kissing the Gunner's Daughter. Starring George Baker and Christopher Ravenscroft. Wexford's determination leads him to a startling conclusion. Will Sgt Vine's computer arrive at the same result and thus prevent Wexford becoming the final murder victim?

8.15 **A Touch of Frost.** New series. The first of three feature length crime dramas starring David Jason as Sgt Jack Frost.

10.15 **ITN News; Weather.**

10.30 **LWT Weather.**

10.35 **The New Statesman.**

11.05 **Snooker: World Matchplay.** Action from The Dome in Doncaster; **The Day.**

12.30 **Cue the Music.**

1.30 **Get Stuffed; ITN News Headlines.**

1.35 **The ITV Chart Show.**

2.35 **Get Stuffed; ITN News Headlines.**

2.40 **Film: Nairobi Affair.** Safari adventure, starring Charlton Heston (TVM 1985).

4.30 **Pick of the Week.**

5.00 **Grand Prix at Sea.**

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.45 pm Classic Cars.

1.15 **Football Italia.** Fixtures include Juventus v Fiorentina, AC Milan v Udinese and Lazio v Pescara.

3.30 **Film: The Secret Partner.** Stewart Granger as an executive who turns detective to prove he did not steal from his company. Thriller, also starring Lee Montague (1961).

5.10 **News.**

5.15 **High Interest: Swords into Tube Trains.** Examining the impact defence cuts will have on the manufacturing industries. With many towns highly dependent on a single arms manufacturer, the programme considers the likely repercussions that the fall in the arms trade will have on small communities.

6.00 **The Miraculous Mellops.**

6.30 **The Cosby Show.**

7.00 **Equinox: Toying with the Future.** Condidering the impact of electronic technology on toys. In the approach to Christmas, many parents wonder what to buy for their children. Building blocks and Meccano sets have been replaced by Lego Technic and video games. Are these modern toys harmful to a child's development? Equinox explores the origins of toys in our culture 200 years ago and talks to children about the latest gadgets and playthings.

8.00 **Poetry in Motion.** Feminist writer Germaine Greer explores women's poetry. She discusses the work of Elizabeth Barrett Browning and female verse from ancient empires to contemporary Britain. Sappho, Christina Rossetti and the novelist Aphra Behn *are also discussed.*

8.30 **American Football.** Highlights from the day's featured game and action from other NFL games.

10.00 **Film: The Longest Day.** Second World War adventure which recreates the Allied landings in Normandy on June 6, 1944. The cast includes John Wayne, Richard Burton and Sean Connery (1962).

1.15 **Film: Erendira.** A girl accidentally burns down her grandmother's house and is forced to sell her body to pay for the damage. Starring Claudia Ohana. (1983).

3.10 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Gardening Time. 12.50 Anglia News. 2.00 Snooker: World Matchplay. 5.00 WCW Worldwide Wrestling. 5.30 Bullseye. 6.35 Anglia News. 10.30 Regional Weather.

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 Snooker: World Matchplay. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 Snooker: World Matchplay. 2.45 The Central Match - Live. 5.00 Cartoon. 5.15 WCW Worldwide Wrestling. 6.00 Bullseye. 6.35 Central News 10.30 Local Weather.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.30 Snooker: World Matchplay. 6.35 Channel News.

GRAMPIAN:
10.45 Heidi. 11.15 Sunday Service. 11.45 Link. 12.30 Eikon. 12.55 Grampian Headlines. 2.10 Snooker: World Matchplay. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Country Cooks of the Year. 6.35 Grampian Headlines. 10.30 Grampian Weather.

GRANADA:
12.25 What the MP's Say. 12.55 Granada News 2.00 Granada Action with the A Team. 2.30 Snooker: World Matchplay. 5.00 House Style. 5.30 Coronation Street. 6.35 Granada News

HTV:
12.30 The Nature of Things. 12.55 HTV News. 2.00 Snooker: World Matchplay. 5.00 An Invitation to Remember. 5.30 Bullseye. 6.35 HTV News.

HTV Wales as HTV except:
No variations.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Eikon. 12.55 Scotland Today. 2.00 Snooker: World Matchplay. 4.30 Scottish Books. 5.00 Scotsport. 6.00 NB Special. 6.35 Scotland Today 10.30 Scottish Weather.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 2.00 Fisheries News. 2.15 Snooker: World Matchplay. 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 10.30 TSW Weather.

TVS:
12.30 TVS News. 12.35 Agenda. 2.30 Snooker: World Matchplay. 6.35 TVS News.

TYNE TEES:
12.25 Wild World of the East. 12.55 Tyne Tees News. 2.00 Snooker: World Matchplay. 5.00 The Back Page. 5.30 Animal Country. 6.00 Bullseye. 6.35 Tyne Tees News.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Snooker: World Matchplay. 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 Local Weather 10.30 Local Weather.

S4C Wales as Channel 4 except:-
9.45 The Lone Ranger. 10.15 Happy Days. 12.45 Siarad Plaen. 1.10 The Magic Roundabout. 3.30 Man Eating Tigers. 4.30 Desmond's. 5.00 Dechrau Canu Dechrau Canmol. 5.30 Pobol y Cwm. 7.05 Holl Hwn a Holl Liall. 8.00 Pris y Farchnad. 9.00 Hel Straeon. 9.30 Newyddion. 9.35 Saith Diwrnod Ar y Sul. 9.50 Adfent. 9.55 American Football '92-'93. 11.20 The Prisoner.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 I'm Sorry I'll Read that Again. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Lionel Bart - Reviewing the Situation. 5.00 *Cinema 2.* 5.30 The Great Musicals. 6.00 Bob Holness Requests the Pleasure. 7.00 Behind the Hits. 7.30 Massed Bands Extravaganza. 9.30 Easy Does it. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Vermeer Quartet.
2.35 *Lamentations of Jeremiah.*
3.00 Solti.
5.00 Jazz Record Requests.
5.45 Opera News.
6.30 Live from the Met: L'Elisir d'Amore.
9.15 The Translators.
9.35 Joanna MacGregor.
10.30 Glasgow Jazz Festival.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Worlds Apart.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service Newshour
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-o-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report: Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View: Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News. Words of Faith; Book Choice, A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary; Play of the Week: The Winter Wife. 2.00 Newsdesk; The Greatest Power on Earth. 3.00 News, News About Britain. 3.15 Sports Roundup 3.30 *From Our Own Correspondent* 3.50 Write On. 4.00 News. 4.15 For Better for Worse. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love
6.00 Classic America.
7.00 Introduction to the Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme *12.05 Nick Barraclough's* New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World
1.20 BBC Welsh SO.
2.55 Orlando Gibbons.
3.30 Songs of Bliss
4.15 Mozart's Violin Concertos.
5.45 Listening To - Baroque Opera.
6.30 Raphael Oleg and Pascal Roge.
7.30 Tender is the North.
9.00 Critics' Choice: Tom and Viv.
10.55 Music in Our Time.
12.10 New Voices of Flamenco
12.30 News.
12.35 Close

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Reverend Canon Geoffrey Brown.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Sue Limb in Ozleworth.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile
7.00 The Best of Fear on 4.
7.30 Bookshelf.
8.00 Punters.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 A Search for the Spanish Soul.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close

BBC RADIO 5
6.00 World Service: Newshour. 6.30 Weekend Edition. 9.30 We are Mesquakie We are One. 10.00 Johnnie Walker. 11.30 Fantasy Football League. 12.30 Sunday Brunch. 1.40 Open Forum. 2.00 Animal Talk. 2.30 The Mark Steel Solution. 3.00 Sunday Sport. 6.00 Writers' Weekly. 6.30 *Education Matters.*
7.15 How We Lived Then.
7.30 Italianissimo.
8.00 Restart French.
8.30 Deutsch Express.
9.00 Open University.
9.30 Club Class.
10.10 Across the Line.
12.00 Close.

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CLASSIC FM 6.00 Sarah Lucas. 9.00 Classic Romance. 12.00 CD Requests. 2.00 Celebrity Choice. 3.00 Robert Booth. 7.00 Authentic Performances. 8.00 Classic FM Concert. 10.00 Sunday Night Out at Smollensky's. 11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
3.00 Andre Leon.

CHESS

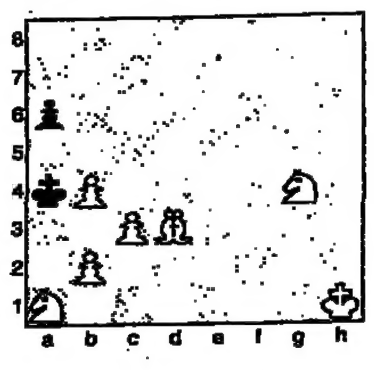
AN UPDATED edition of the widely acclaimed *Oxford Companion To Chess* by Daid Hooper and Kenneth Whyld (OUP, £25) invites comparison with its rival, *Batsford Chess Encyclopedia* by Nathan Divinsky (Batsford, 1990, £12.99).

Hooper and Whyld provide a detailed overview of all branches of the game, including computers and problems, Chinese chess and shogi, basic endgame theory, and past champions like Morphy, Steinitz and Lasker. Divinsky is more subjective and has more mistakes, but is strong on the rapid growth of the 1970s and 1980s and the surge of new ideas and young talent.

Both books are eminently readable and are ideal Christmas gifts for chess playing friends who may not be experts but like to browse in the game's history and byways. The real enthusiast will buy them both and enjoy comparing the differences of emphasis and judgment. Hooper/Whyld respect Alekhine, the world champion born a century ago this year; Divinsky is more reserved, citing statistics which place him only 18th on an all time list. Hooper/Whyld view Bobby Fischer as essentially rational, Divinsky thinks him "one-dimensional".

Hooper/Whyld are particularly strong on chess personalities. We learn that Von Kempelen, inventor of the first chess automaton, designed a canal system to link Budapest with the Adriatic; that Sam Lloyd, perhaps the best ever problemist, was also a ventriloquist and conjurer; and that a Lasker v Maroczy world title in Cuba fell through because of a revolution there.

In summary, an enjoyable and erudite work.



White mates in five moves (by Auguste d'Orville, 1842). All Black's replies are forced, but you have to find an improbable White sequence in a precise order.

Solution page XXII

Leonard Barden

BRIDGE

MAINTAINING communication with dummy often causes problems for the declarer. But when a suit also breaks unkindly, the problems may seem insurmountable. Let us see how declarer coped in this hand from rubber bridge:

	N	
	♠ A K Q	
	♥ 10 9 8 6 3	
	♦ K J	
	♣ 7 5 3	
W		E
♠ 4		♠ 10 6 5 2
♥ J 7 4 2		♥ 5
♦ Q 10 8 7 5 4 2		♦ 6 3
♣ 2		♣ K Q J 10 8 4
	S	
	♠ J 9 8 7 3	
	♥ A K Q	
	♦ A 9	
	♣ A 9 6	

With North-South vulnerable, North dealt and opened with one heart. East over-called with two clubs and South bid two spades. North raised to three spades – in spite of his strong spades, he cannot bid more. South showed interest in a slam by a cue-bid of four clubs. North stolidly said four spades but South went to six.

When West opened with the club two, an obvious singleton, South thought they had missed the grand slam. Winning with his ace, he cashed dummy's trump honours. Blow number one: East held four spades.

The declarer crossed to his heart ace and drew East's last trump, then cashed king and queen of hearts. Blow number two, and this very serious: West held the guarded knave.

How could South concede a heart trick and enjoy the fifth heart? There was only one entry to dummy. The light dawned. East could be counted for a doubleton diamond, so West probably held the queen.

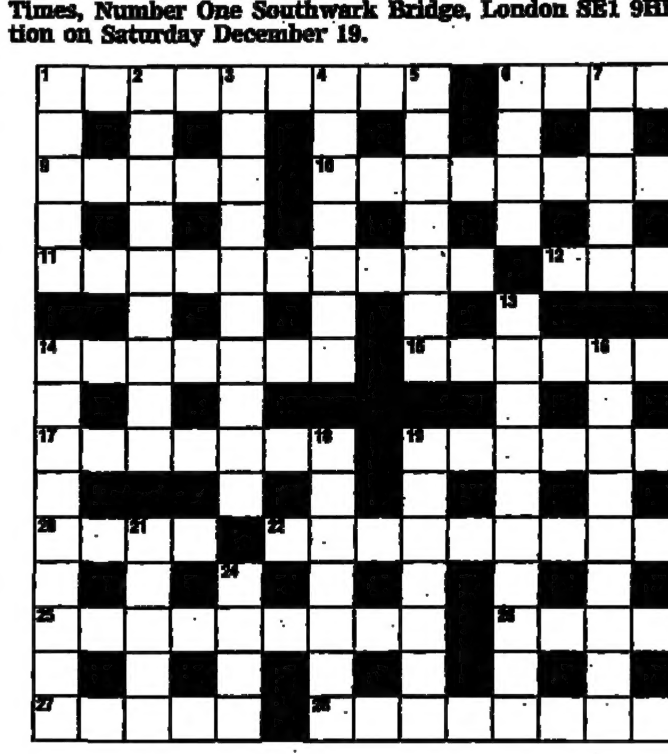
Playing his diamond nine, South finessed the knave in dummy and returned a heart, on which he discarded his diamond ace. West took his knave and, with only diamonds in his hand, was forced to give entry to dummy by a diamond lead. The nine of hearts was the declarer's 12th trick. The declarer wins an Oscar for really brilliant entry-creation.

E.P.C. Cotter

CROSSWORD

No. 8,021 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name, for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday December 16, marked Crossword 8,021 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 19.



Name........

Address........

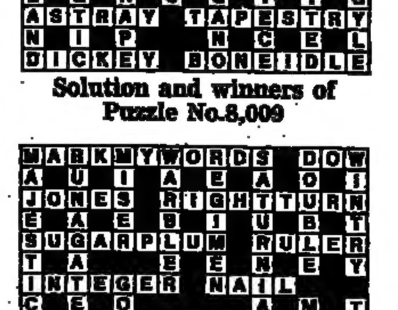
ACROSS

1 Agony aunt in the Nuns' Chorus? (3-6)
6 Short, woven fibre (5)
9 Noon fix? (5)
10 Disparaging remark as individual embraces one (9)
11 Pooh's tired out in minister's office (10)
12 Soon to be nameless (4)
14 As a follower, read her pieces (7)
15 Violinist sharp in opening of Idomeneo? (7)
17 Creeps around junction to find bearing (7)
19 Four in test is commonplace (7)
20 Line of verse from the William books? (4)
22 One has maintenance work on hand (10)
25 In such distrust of self, I bide cunningly (9)
26 *A little pitch for the table?* (5)
27 This poet is dead – bet on it! (5)
28 Composite plant needing yellow pole? (9)

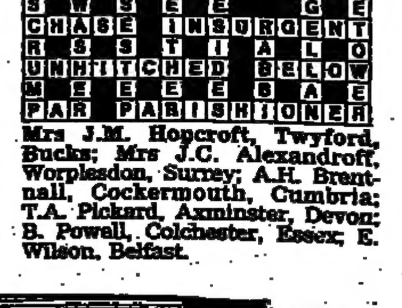
DOWN

1 Crawled quietly in the everglades (5)
2 After semi-wobble on motorway, she is finding defects (9)
3 Iridescent variety of rash (10)
4 Drink dear in France? See guide! (7)
5 Bond has tap on wine (7)
6 Char taken from stream? (4)
7 As a fabulous king, he was bound to circulate (5)
8 Budgeting in our times, say? (9)
13 Join state? (10)
14 Bearing watched when thinking habitually of flying (3-6)
16 As one who breaks the ice in Italian, I need a rise (9)
18 Notice in Herts town – "Open for business" (7)
19 Fill out form? That can be burdensome (7)
21 Mona's new brother? (5)
23 Returning it, cardinal is ready to drop (5)
24 Just water (4)

Solution to Puzzle No.8,020



Solution and winners of Puzzle No.8,009



Mrs J.M. Hopcroft, Twyford, Bucks; Mrs J.C. Alexandroff, Worplesdon, Surrey; A.H. Brentnall, Cockermouth, Cumbria; T.A. Pickard, Axminster, Devon; B. Powell, Colchester, Essex; E. Wilson, Belfast.

Private View/**Christian Tyler**

The daughter cast in her father's mould

Mary Moore on her troubled dealings with the trust which guards her father's legacy

WHO best knows the mind of a dead man? His only child, or the friends and advisers appointed to carry out his wishes?

It is painful conundrum, because love and money are involved, and a familiar one. But when the dead man is an artist whose works are worth millions, it is an important and very public one.

Nobody who has read of the battle between Henry Moore's daughter, Mary, and the foundation she helped him create can remain quite neutral. Some will see it as a contest between a loyal daughter and an overweening cabal of the art Establishment (with £50m invested, the Henry Moore Foundation is the largest art-funding body after the state). Others will think, what the foundation's advisers have sought to convey, that Mary Moore is a troublesome woman who, having fallen out with her father towards the end of his life, is seeking requital after his death.

Verdicts of a sort will be delivered next year. The Environment Secretary will have the report of a planning inspector before deciding whether the foundation should be allowed to develop the artist's studios and land in the Hertfordshire hamlet of Perry Green in order to show more of his work to a bigger public.

The local authority says the scheme is too disruptive: their counsel called it "an upmarket industrial development down a substandard road in the heart of a rural area." Moore's daughter says it will look like a theme park and is a betrayal of her father's wishes. A proper museum, she says, should be built elsewhere.

Meanwhile the High Court will be asked to decide whether a large part of the foundation's holding of 650 sculptures, especially the artist's copies, rightly belongs to Moore's three grandchildren. In bringing this action as her father's executor, it is clear Mary Moore hopes to limit the foundation's control over exhibitions and disposals.

They will be verdicts, but they will not be answers. And even if the daughter proves by means of letters and tape recordings that she is the true and trusted interpreter of her father's wishes, the public may still ask whether any artist – even a great one – can decree for ever how his Muse is to be commemorated.

Judgment is often helped by coming face to face with the protagonist. Although I had met Mary Moore, now Mrs Raymond Danowski, in my youth (and was once shown round the studios and garden by Moore himself) I did not know what to expect. Nor, it was obvious, did she.

She was enthusiastic in describing how as a child she sat in the studio with her father "mucking about with paint" or copying him as he modelled clay. But then her answers became oddly detached. When I asked what kind of obligation she felt to her father, she replied:

"If I see things which are blatantly wrong it seems to me an obligation to point them out. In this case it was quite obvious that nobody was going to stand up and protest [about the plans]. I have just been involved in a campaign to open people's eyes to the destruction I saw going on."

Do you resent the time you have to spend looking after your father's legacy?

"I don't feel that's a burden. That seems to me the kind of obligation anyone would feel towards anyone with whom they were particularly intimate."

What about the other penalties, like the publicity?

"It would only be difficult for me if I felt I wasn't getting the right message across. So far the only stressful situation has been the planning inquiry and press coverage. The press coverage has been very hurtful: it's a bit like taking a blow in the stomach because of the way it's been conducted, certainly from the other side. It's as if they made a personal attack on me so there was no need to discuss the merits of my arguments, no need to take seriously the possibility that their ideas were not so good."

Later when I asked again if she felt any resentment about the accident of being born to a famous artist, she denied it. "I do this because I have to, out of regard for my father."

Do you mean out of love?

"Yes, out of love. You have to translate for me."

Some children rebel against their parents' world. Mary Moore, taught to see through her father's eyes and taught to regard drawing as the true test of any artist, seems entirely absorbed by it. "I wasn't rebellious," she said, "because I got such enormous pleasure from what I'd been shown."

At the age of 16 she studied life drawing at the Slade "where I had a hell of a time because I was Henry Moore's daughter" and she still draws at the Royal College of Art once a week. Physically she resembles her father more than her mother, the Russian-born Irina Radetsky (also an artist) and she thinks she has also inherited his outgoing temperament. Certainly at the planning inquiry she appeared confident and fluent under cross-examination.

Yet I felt there was something constraining her beyond the need to make a good impression and to weigh her words ahead of the court case. What was this need to be be "translated"?

She explained it suddenly, while posing for the picture. "I am very left-handed", she said. "So I talk like a negative." Psychologists may recognise the phenomenon: it seemed to mean that she speaks rather as a painter paints, not going directly for the highlights but describing the shadowy areas in order to let the highlights emerge.

I came to the point. Do you agree there was a break between you and your father?

"On the emotional level on which we related to each other I don't believe there was a break. There was a disagreement about the way the foundation was going, and there was a break in the amount of time we spent together in that I went to South Africa."

Your father wasn't happy about that, was he?

"My father was a great anti-apartheid man but he never made a big deal about me going there. Other people, the foundation's lawyers, made a big deal of it when I started questioning ownership, hoping I would be undermined."

She lived in South Africa for five years, returning in 1985 a year before Moore's death. Before her departure she had resigned as a trustee of the foundation, apparently over a disagreement about a sale. She says that on her return her father wanted her reinstated but that the other trustees refused. Her father was old and ill and, she implies, increasingly under the thumb of his advisers.

Why should the foundation behave in the way you allege, I asked.

"I think the process began before my father died. If something goes off the rails it diverges further and further . . .

"They're in a very powerful position. It's probably the richest arts funding body in England. When you have that kind of influence you probably get quite used to making it function in an unquestioned way."

Mary Moore and her advisers clearly think the foundation is discharging its duties towards Moore's work on the cheap and is preoccupied with its sponsorship of contemporary art.

I asked her: having got the bit between your teeth do you quite enjoy this struggle with the foundation?

"No. One just hopes that the right solution will eventually come about, that the studio and grounds will be preserved."

Mary Moore was well provided for at her mother's death, but I asked: are you after the money?

"I don't need the money. I would hope that into whoever's ownership those sculptures fell that they would be used as my father wanted, to contribute to a comprehensive display of his work. The foundation could combine with me."

What have you learned from the whole experience?

"It's going to sound very crass. Probably that if you believe in something you can do things that you never believed it was possible to do – if you believe enough.

She added: "It's as though there were two stories – the story of me having to survive these fardels, these slings and arrows, and the real story of underlying importance. I don't think it's an issue that relates to Henry Moore particularly. It relates to our heritage, our attitude to all kinds of things."

One can hear the Henry Moore Foundation saying much the same thing.

How Lamont betrayed the thrifty pensioner

Fifteen per cent loan rates were a glittering chance, says ***Dominic Lawson***

FOR MANY people – not least John Major and Norman Lamont – Wednesday, September 16, was indeed Black. And the adjective has stuck, adhesive in its unoriginality. But, for a large number of Britons, one moment on that day stood out as a briefly glittering prospect of happiness and prosperity.

That moment was when Lamont, the chancellor of the exchequer, told the Bank of England to increase base rates to 15 per cent. And the people to whom this act held out such high hopes were those who lend more than they borrow.

Alas, their hopes were dashed. Lamont was not being serious. It was just a stunt to impress currency dealers, and not a particularly cunning one, at that. Since then, interest rates have scuttled down to half the level Lamont pretended he was prepared to defend four months ago.

To read the newspapers, you would assume that this is a matter of pure delight; that nothing could be better. But, for millions, it is a bitter blow. Those people should be the object of our sympathy.

We are not talking here about professional bankers and affluent City types (there are some left). We are talking about pensioners who supplement their meagre state benefits with the income from a lifetime's hard-earned savings. That income has been cut savagely, and through no fault of their own. They were led to believe that the government would use whatever high rates were necessary to defend the value of the pound their pound and now they have seen their trust betrayed.

These poor old people have suffered in other ways through this abrupt policy switch. Their state pension is linked to the retail price index. Into this index, the government admittedly, with some lack of logic had included the cost of mortgages.

As those rates have tumbled, there has been what learned economists call the "double whammy": the pensioners have not just lost out on their interest income but their indexed pension has been deflated, too. Gone are the days, last seen under a Labour government, when pensioners' remittances were linked to wages.

Now comes the triple whammy. What is it that old people spend their savings on, above all other items? Foreign travel. Suddenly, these poor folk have seen the effective cost of their one great pleasure in life increase by about 25 per cent as the pound has slid against the tourist currencies.

Why is it that the press has not rushed to the defence of our prudent pensioners? The newspapers usually are avid to do so. I guarantee that the first hypothermia death of the winter will hit every front page in Britain. And any Tory member of parliament who dares to suggest that the defunct old dear in question should have been more sensible and worn a balaclava indoors will be denounced ritually from the popular pulpit of the tabloids.

Why, I wonder, does this discrepancy exist. The reason could be simple. Journalism is a young person's profession. Even the editors of our grandest or most successful newspapers tend to be in their 40s, some even younger.

They and their leading pundits are at the stage in their lives when borrowings mount: they have school fees to provide for, and a house which must live up to their professional status. What their proprietor pays them does not seem enough. They must borrow.

So, they see a tumbling in interest rates as a very good thing. They find it difficult to understand that there is anyone who would disagree with that. They long for the days when the cost of financing a mortgage was less than the increase in the value of the house on which it was secured.

They, at least, are old enough to remember just how much fun could be had on that particular gravy train although, naturally, none of them ever did the smart thing and jumped off the property merry-go-round when it was moving too fast for comfort. They might just be vaguely aware that the only people likely to have done that on any scale were their parents, or those of that generation. And, just possibly, they feel a teeny bit jealous of the provident wrinklies, especially if they happen to be their own parents.

Whatever their reasons for not making a great song and dance about the plight of the pensioners, the press is missing a populist trick, something of which it can rarely be accused. Just because old people are less visible than the gregarious and noisy young, it does not mean that they are few. I recall my father telling me that, when he was chancellor, he got a lousy press whenever he raised interest rates, but that he had many more genuine letters of complaint when he cut them.

■ *Dominic Lawson is editor of The Spectator*

An easy mistake to make

Michael Thompson-Noel

HAWKS & HANDSAWS

IT IS astonishing how many people mistake me for Goran Ivanisevic. For anyone who lives on Mars, Ivanisevic – lanky, imperious, a bit of a loose cannon – is the fast-serving Croatian meteor who occupies the No 4 slot in the men's tennis rankings on planet Earth.

"Hold on," I say, whenever people mix us up. "Hold on. Ivanisevic is 6ft 4in; I am 6ft 2⅓in. Ivanisevic is 160lb; I am 167lb. He is 21; I am . . . more mature.

Sure, there are superficial similarities: slim legs and slim bodies supporting not much weight – the perfect physique for modern tennis. We are both known to be temperamental. And both can swear like boys. But we have very different fans, and probably different philosophies. Goran is rich; I am not especially. Goran flashes his eyes; I avoid cheap tricks.

"However, the key distinction between us," I continue, "is our serves. Ivanisevic's low-toss hatchet-swing serve is the biggest anyone has seen. It is cosmic. McEnroe says so, and nobody argues with *him*. At Wimbledon this year, Ivanisevic boomed down 206 aces. His serve is so fast that opponents sometimes cannot tell whether it has passed them on the forehand or the backhand side.

"My serve is not like that. Coaches who have looked at it say it suffers from mis-directed venom and is technically impure. Be that as it may, the difference between our serves is the reason why Goran is No 4 in the world and I am struggling to hold my position, in the middle-to-high-30's, in the yuppie singles league at Paddington Sports Club."

The more I protest, the more I am *mistaken* for Goran. It is pointed out that both of us charmingly mispronounce many words. We are not diplomatic. And each of us tends to exaggerate things, to explore the outer limits of hyperbole. *Sports Illustrated* recently gave an example of Goran in full flight. He had just been bounced out of the US Open in New York by an unseeded rival.

"Here," said Goran, "food is not good. If you eat those McDonald cheeseburgers, hamburgers, you go to the hospital forever . . . I don't hate – I like America, but I don't know. Last year I didn't felt like this."

Of his racket-breaking habit he has said: "It's nice feeling to break rackets when upset. So I break many. I am professor in the school of how to break the racket."

Funnily enough, my own speech patterns are starting to resemble Goran's. The more people mistake me for the lanky superstar, the more fractured and aggressive becomes my speech, the wilder my flights of fancy. I am starting to flash my eyes. This week, anxious to stiffen national morale and put a few things right, I telephoned various people.

I called Queen Elizabeth II. "Is bad news you paying taxes like all the rest of us," I said. "Maybe you sell a few horses? The thing about taxes is you have to watch your code. Always the code they lower it. Never is it raised. Soon you pay them everything. Is one big stink and scandal."

I called Michael Heseltine, president for life. I said: "Seldom did people of this country felt so demoralised and cackhanded. Is utterly lamontable. What you going to do?" I called John Gummer, agriculture minister. "Why you not like women?" I demanded.

"What's wrong with women priests? You tell papers, radio, anyone who listens, is not you leave Church of England, is Church of England leave you. You say church splitting in sects. Then you bring in orthodoxy, saying it's under siege. But orthodoxy change. These not the Middle Ages. Women are fine by me, John. Many of them send me letters, want to fix up meeting. For me, they not big problem."

I called John Smith, leader of the Labour party. I said: "Time to raise game, John. Your serving all gone soggy and you not bending to your volleys.

"Politics just like tennis, John, you got to bend the knee. How many times I tell you? Is many people cross. You suppose to be opposition, yet you agree with governing Tories. You pass things on the nod, which is one big hell mistake."

I rang the French farmers. "You pipe down," I said. "Nobody wants your rape. Plates of Europe are shifting, just like in major earthquake. Everyone's got problems, yours no bigger than our."

Notice than none of these people attempted to get a word in edgeways. I do not believe they dared.